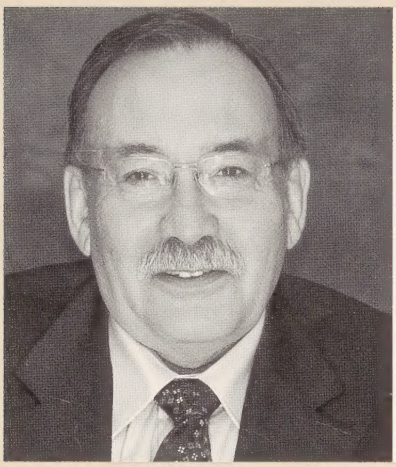
University of Alberta Library
0 1620 3312580 6



UNIVERSITY OF ALBERTA
LIBRARIES

Gift of Ernie Ingles
University of Alberta
Chief Librarian
1990-2012

Digitized by the Internet Archive
in 2025

https://archive.org/details/canadaitsprovinc0005unse

Edinburgh Edition

# CANADA

## AND ITS PROVINCES

IN TWENTY-TWO VOLUMES
AND INDEX

VOLUME V

## UNITED CANADA
1840-1867

*The Edinburgh Edition*
*of 'CANADA AND ITS PROVINCES' is limited to*
*875 Impressions on All-Rag Watermarked Paper*

*This Impression is Number* 820

J. L. A. Constable

# CANADA
## AND ITS PROVINCES

A HISTORY OF THE CANADIAN
PEOPLE AND THEIR INSTITUTIONS
BY ONE HUNDRED ASSOCIATES

GENERAL EDITORS: ADAM SHORTT
AND ARTHUR G. DOUGHTY

VOLUME V

UNITED CANADA
1840-1867

EDINBURGH EDITION
PRINTED BY T. & A. CONSTABLE AT
THE EDINBURGH UNIVERSITY PRESS
FOR THE PUBLISHERS ASSOCIATION
OF CANADA LIMITED
TORONTO
1914

*Copyright in all countries subscribing to*
*the Berne Convention*

UNIVERSITY LIBRARY
UNIVERSITY OF ALBERTA

# CONTENTS

PAGE

THE UNION: GENERAL OUTLINES, 1840-1867. By W. L. GRANT . . . . . 3

PARTIES AND POLITICS, 1840-1867. By J. L. MORISON

I. LORD SYDENHAM'S ADMINISTRATION . . . . . 13
Social and Political Conditions — Character and Training of Poulett Thomson — The Political Stage — Sydenham's Services to Canada

II. BAGOT, METCALFE, AND THE POLITICAL CRISIS . . 28
A Troubled Period—Sir Charles Bagot's Administration—An Experienced Colonial Ruler—Political Storms—A Period of Deadlock—Attitude of the Colonial Office

III. LORD ELGIN'S ADMINISTRATION . . . . . 48
An Eminent Peelite—Problems to be faced—A Turning-point in Canadian History—The Rebellion Losses Bill—A Constructive Statesman—The Clergy Reserves—Political Combinations and Permutations—The Fall of the Reform Party—Reciprocity with the United States—The Close of Elgin's Rule

IV. LIBERAL-CONSERVATISM AND CONFEDERATION . . . 77
A New Political Day Dawns—Great National Issues—Liberal-Conservatism — The French-Canadian Question—Political Expedients—The Confederation Movement — A Union of Parties—A Retrospect

CONSTITUTIONAL DEVELOPMENT, 1840-1867. By EDWARD KYLIE

I. RESPONSIBLE GOVERNMENT . . . . . 105
Lord Durham's Report—Lord Sydenham—Sir Charles Bagot—Sir Charles Metcalfe—Lord Elgin—The Full Measure of Responsible Government

II. THE EXTENSION OF CANADA'S POWERS . . . . 131

III. THE LEGISLATURE . . . . . 136
The Assembly—The Legislative Council

PAGE

IV. CONFEDERATION . . . . . 147
The Failure of the Union—The British North America Act

V. THE JUDICIARY . . . . . 157
Judges independent of the Crown—Growth of the Judicial System

HISTORY OF PUBLIC FINANCE, 1840-1867. By DUNCAN McARTHUR

A CONFLICT OF INTERESTS . . . . . 165
SYDENHAM'S BANKING SCHEME . . . . . 167
THE TARIFF UNDER THE UNION . . . . . 169
THE CIVIL LIST . . . . . 170
THE REBELLION LOSSES CLAIMS . . . . . 170
REVENUE AND THE PUBLIC DEBT . . . . . 171
THE RAILWAY POLICY . . . . . 173
THE MUNICIPAL LOAN FUND . . . . . 175
THE PUBLIC ACCOUNTS . . . . . 176
FINANCIAL DEPRESSION . . . . . 177
FINANCIAL EXPEDIENTS . . . . . 178
CONFEDERATION AND FINANCE . . . . . 180

ECONOMIC HISTORY, 1840-1867. By ADAM SHORTT

I. GENERAL VIEW OF ECONOMIC CONDITIONS . . . . 185
II. CANADIAN INDUSTRY AND FOREIGN TRADE . . . . 188
III. THE TEA TRADE . . . . . 197
IV. THE TIMBER TRADE . . . . . 199
V. IMMIGRATION . . . . . 204
VI. CANADIAN AND AMERICAN TRADE RIVALRY . . . . 210
VII. BRITISH TARIFF REFORM AND CANADA . . . . . 214
VIII. THE NAVIGATION ACTS . . . . . 224
IX. THE AGITATION FOR RECIPROCITY . . . . . 227
X. THE RECIPROCITY TREATY . . . . . 242

CURRENCY AND BANKING, 1840-1867. By ADAM SHORTT

I. LORD SYDENHAM AND CANADIAN BANKING . . . . 261
II. CURRENCY STANDARDS . . . . . 264
III. NOTE-ISSUING PRIVILEGES . . . . . 269
IV DECIMAL CURRENCY . . . . . 274

PAGE

V. THE BANKS AND SPECULATION . . . . . 277

VI. GALT AND CANADIAN BANKING . . . . . 283

VII. NOTABLE BANK FAILURES . . . . . 288

WESTERN EXPLORATION, 1840-1867. By LAWRENCE J. BURPEE

I. THE NORTH-WEST PASSAGE . . . . . 295
Sir John Franklin's Last Voyage—Franklin Search Expeditions

II. THE FAR NORTH AND THE YUKON . . . . . 306
The Hudson's Bay Company—Robert Campbell

III. FROM LAKE SUPERIOR TO THE PACIFIC . . . . . 313
Dawson, Hind and Palliser—Sir George Simpson—Paul Kane—Milton and Cheadle

INDIAN AFFAIRS, 1840-1867. By DUNCAN C. SCOTT

I. THE PROVINCE OF CANADA . . . . . 331
Organized Effort — Education — The Legal Status of the Indians—The Indian Department

II. THE MARITIME PROVINCES . . . . . 358
Nova Scotia—New Brunswick—Prince Edward Island

THE POST OFFICE, 1840-1867. By WILLIAM SMITH

I. NEW ERA IN POSTAL AFFAIRS . . . . . 365
A Revolution through Steam Carriage—The Burden of High Rates—Sydenham's Postal Commission

II. THE MARITIME PROVINCES . . . . . 372
Early Postal Effort—The Newspaper Postage Question—The Colonial Post Office Bill—Establishment of the Mail Steamer —Inadequate Mail Services—A Demand for Reduced Rates

III. POST OFFICE REFORM . . . . . 387
Clanricarde's Policy—The Nova Scotia Postal Committee

IV. PROVINCIAL CONTROL . . . . . 392
A Period of Progress—Railway Mail Service—The Ocean Mail Service—A Setback through Steamship Disasters

# THE UNION: GENERAL OUTLINES

## 1840-1867

# THE UNION: GENERAL OUTLINES

## 1840-1867

THE period 1840-67 saw the working out of responsible government and full liberty given to Canada to commit her own mistakes. In this period was laid the foundation of a new system of colonial policy to which federation added the superstructure. In Lord Durham's great Report were combined both elements of the eventual solution, responsible government and federation, for it must not be forgotten that responsible government alone proved inadequate, and worked in its fulness only when to it federation was added.

The history of United Canada begins with Sydenham and ends with Macdonald, between whom there is a strong resemblance; each a mixture, in what proportions we must agree to differ, of parliamentary strategist and statesman. The London of the Regency and of George IV differed widely from the rough pioneer life of the Bay of Quinte and the whiskified gaieties of early Kingston; but the men who formed and worked the first cabinets after the Union and after Confederation are essentially the same: autocrats both, veiling the autocracy behind a smile and a jest; constructive opportunists, who did not worry overmuch about principles, but carried on Her Majesty's government, and slowly developed a little state into a great one. Neither was squeamish; Sydenham gerrymandered Montreal, and Macdonald gerrymandered Ontario; if an opponent had his price and was worth buying, bought he was; if the one had 'a dangling after an old London harridan,' all Canada knew of the early amours of the other. But in a time of doubt and uncertainty and faintness of heart they never despaired of Canada or of the Empire; their follies and their weak-

nesses are buried with them ; their nobler part lives. The difference between them, to Canadians all-important, is that Sydenham was an Englishman, Macdonald a Canadian ; at the beginning Canada was still under tutors and governors, at the end she had developed an 'old parliamentary hand' of her own. This development is traced in this volume by Professor Morison in a chapter at once original and sane. Professor Morison has strong views, and expresses them with a clearness which does not stop to regard established reputations. In his desire to avoid the falsehood of extremes he does not spare those two very typical Scots, George Brown and Bishop Strachan, and probably more than one lance will be broken in their defence. Strachan's multifarious and, on the whole, beneficent activities as teacher and churchman are treated elsewhere,[1] and Professor Morison would be the first to acknowledge that his portrait of the Aberdeen bull-dog needs to be supplemented. Of one of his criticisms of Brown a word must be said later on. But that the general development is rightly and wisely sketched, few will deny.

Our period opens with Lord Sydenham. Under him Canadian parties begin to assume coherence ; gradually an administration, with separate heads of departments, takes the place of the chaotic council of pre-Rebellion days. But a cabinet must consist not merely of heads of departments, but of heads of departments working together in unity, carrying out a systematic policy. 'It doesn't matter a damn what we think, gentlemen,' said Lord Melbourne on a famous occasion, 'but we must all say the same thing.' A cabinet requires a leader, and alike in Canada and in Great Britain history proves the necessity of a prime minister. To give this keystone to the arch, Sydenham was forced to become his own prime minister, and we thus have the paradox that the governor who introduced responsible government is also the governor whose personal interference was most marked, whose personal predominance was most absolute.

Sydenham was followed by Bagot, who had the absence

[1] See 'History of Secondary and Higher Education' in section IX.

of strong convictions natural to a diplomat, and whose admission into the cabinet of the reform leaders paved the way for a Canadian prime minister; for although the cabinet was a coalition, Baldwin and La Fontaine were its strongest members, and the illness of Bagot threw power more and more into their hands. Then came the famous quarrel with Lord Metcalfe, in which the very worth of the tory leader made the downfall, when it came, the more complete. If Canada could not be trusted to look after herself, she could have found no better guides than Metcalfe and his chief Canadian adviser, William Draper, afterwards the much-loved Chief Justice of Upper Canada. When the system broke down under such men, it was useless for blunderers like Sir Allan MacNab to try to work it. It is significant of the distance travelled from the days of Dalhousie and Bond Head that Metcalfe acknowledged himself bound by the resolutions of September 3, 1841, which the reformers had won from Sydenham. But Canada would not remain in a half-way house; the governor's personal triumph in the elections of 1844 brightened his death-bed, but did not retard for more than a year or two the triumph of Canadian autonomy.

Under Durham's son-in-law, Lord Elgin, the more obvious half of the views of the master are worked out to their logical conclusion. When Elgin gave the royal assent to the Rebellion Losses Bill, on the ground that it was supported by a majority of the representatives from both parts of the united province, the battle of responsible government was won. Confederation was for the time in abeyance, and necessarily remained so till the carrying out of the policy of material development begun under Elgin.

From this point of view transportation[1] has great constitutional importance, for the history of the Confederation movement in Canada cannot be understood save in connection with that of railway development. Constitutional changes are conditioned by mechanical advances. Just as the building of good roads made possible the real union of England and Scotland; just as the lack of roads in Wales

[1] See 'National Highways Overland' in section v.

before the days of the Tudors and the width of the Irish Sea are responsible for much of the present misery of Ireland ; so the union of British North America would have been a farce till the success of railways was an economic fact. This also Lord Durham had seen. It is a good instance of the difference between a great statesman and a mere administrator that in the *Government of Dependencies*, written by Sir George Cornewall Lewis in 1841, railways are only mentioned once, and then in a footnote; whereas in Lord Durham's Report, published in February 1839, the eye of imagination sees what they may do to solve Canadian difficulties, and the building of a railway from Quebec to Halifax is advocated not as an economic measure, but as the real solution of the chief constitutional problem. Under Elgin began an era of railway building, accompanied, as all eras of material expansion must be, with not a little jobbery and corruption, and such unfortunate financial experiments as the Upper Canada Municipal Loan Fund ; but bringing happiness and increase of comfort to thousands, making life endurable to the farmer's wife, and, above all, making possible the expansion of two riverine provinces into the Dominion of to-day. Before Lord Elgin left Canada, the Grand Trunk Railway was an established fact ; and, in a far nobler sense than Dorion dreamed when he sneered at Confederation as a Grand Trunk job, the father of Confederation was the Grand Trunk Railway.

Yet though Confederation did not come till railways had made it possible, that it came when it did is due to the self-sacrifice and statesmanship of a few great men. In his account of the coalition of 1864 Professor Morison seems to me to over-emphasize the initiative of Macdonald. His later services at Quebec and at Westminster cannot be over-estimated ; once committed to the policy he took the lead. But for the coalition the chief credit is due to Brown and Cartier. The breadth of mind of the latter made it possible to persuade Lower Canada that in union with British North America lay not the destruction but the salvation of her cherished liberties. Equal praise is due to Brown's splendid leap in the dark. It is true that the first ministry to give

federal union a place in its programme was the conservative administration of 1858 ; but that was almost entirely to win the support of Galt, and when Galt's hopes seemed to come to nothing, he had scanty sympathy from his colleagues. If the conservatives were the first to offer the maiden their somewhat Platonic affection, it was the perfervid Scottish ardour of Brown which in 1864 seized her in his arms. The testimony of Lord Blachford, who as permanent under-secretary of state for the Colonies was present at all the discussions in London in 1866, is that ' Macdonald was the ruling genius and spokesman ' ; but the coalition, consummated in 1864, gave him his chief strength.

From this point of view the chapters by Mr Smith on the Post Office and by Mr Scott on Indian Affairs have a constitutional importance, showing that the grant of responsible government in these departments increased not only content but efficiency. From a wider point of view, in setting aside a whole chapter for what at first sight may seem the mere details of postal administration, the truth is emphasized that constitutional arrangements, however perfect, remain mere dry bones unless upon the various parts of the province, the country, or the empire, there blows a great wind of common knowledge. When the annals of the British Empire come to be written, it will probably be found that till 1912 the greatest steps in imperial development were those taken by Cecil Rhodes, when he sent the picked youth of the British Empire to mix with each other at Oxford, and by Sir William Mulock, when he forced the hands of the permanent officials of the British Post Office and inaugurated inter-imperial penny postage. Similarly, Sir Hugh Allan is too much remembered as the corrupter of Canadian statesmen, of whose connection with the Pacific Scandal it may be said, that whatever record leap to light he never shall be cleared. Mr Smith shows his place as the founder of the ocean-going marine, who made Canadian steamers the fastest on the Western Ocean, and who, when the Nova Scotian Cunard left Halifax for Boston, was true to Montreal and the flag of the triple crosses.

The breakdown of paternalism in Canada coincided with

the triumph of free trade in England. This great change in policy necessarily involved that to the gift to Canada of political liberty that of economic liberty was added. To take away the preference on Canadian grain and timber, as was done in 1846-49, while forcing that grain and timber to come solely in British ships, was manifestly unfair, and in 1849 the historic Navigation Acts, so long considered the corner-stone of the British colonial system, were finally abolished. Canada accepted the gift of economic liberty with reluctance. Some despaired and issued the Annexation Manifesto; but the mass of the Canadian people had too much self-respect to whimper at being thrown on their own resources, and with the aid of Lord Elgin found in the Reciprocity Treaty of 1854 the economic benefits of annexation without its spiritual stultification. Soon the rising spirit of Canadian nationalism led to a desire for economic self-sufficiency, and to the growth of a protective spirit which was one of the causes which led the United States to denounce the treaty, whereupon nationalism combined with the desire for wider markets to promote Confederation. The economic development of the period, told by Professor Shortt, should therefore be read in close connection with the political and constitutional.

The Dominion of 1867 stopped at the Great Lakes, so that while in the period from 1841 to 1867 the union of Eastern Canada was accomplished, the winning of the West was reserved for a later date. But to this two qualifications must be made. Though the West was won later, it was won under the constitution framed by the Fathers. In a sense it is true, as Professor Kylie says, that 'Confederation was an awkward compromise.' But it is far more true that in that compromise was the root of the matter. The constitution of Canada is as superior to that of Australia as an instrument of government as it is inferior as a work of draftsmanship. Ambiguities in the preambles to certain clauses have led to concurrent jurisdiction ; it is easy to be merry at the expense of an act which puts 'marriage' under the Dominion and 'solemnization of matrimony' under the provinces. A deeper wisdom sees that in giving to the Dominion the

residue of power, Canada went to the root of the matter. If East and West are ever rent in twain, rebellion will be able to find no such specious cloak of constitutionalism as it found in the United States. It was this provision which, among a hundred other benefits, made possible the creation of the North-West Mounted Police under federal control, with all the regard for law which from the banks of the South Saskatchewan to the Yukon differentiates the Canadian from the American West.

The second qualification is, that though during this period the West was neither peopled nor brought under Canadian government, it is in some ways the halcyon period of exploration. England has had a noble record ever since Drake went round by the Horn. From Mackenzie Bay to Hudson Strait there is hardly a name of cape or inlet or island but recalls some deed of heroism ; Davis and Frobisher in the sixteenth century, Hudson and Foxe in the seventeenth, Mackenzie at the end of the eighteenth, and then in the nineteenth the names come as thick and fast as those of the heroes in Homer. None of them glow with a purer radiance than those of the British seamen who sailed with Franklin, or in search of him. Was there ever a finer heroism than that of Franklin, leaving at the call of the Arctic his quiet colonial governorship in the southern seas, and faring forth again to die within a few miles of victory ? Who of British blood can read unmoved the dry statement of facts cited by Mr Burpee, written by the men who with Crozier and FitzJames abandoned their ships and their dead leader, and set off on that long hopeless journey to Back's Great Fish River, of which all that we know is summed up in the sentence of the old Eskimo woman to M$^{c}$Clintock that ' they fell down and died as they walked.' Most of them must have known, as they put that scanty record under the cairn, that the end was near, but no whimper breaks through the official phraseology. Theirs was no self-conscious heroism, such as that which moved Sir Humphrey Gilbert to disdain change or fear ; they went forward, the leaders at the lure of the northland, the followers because it was an order ; they tramped on till agony gave place to weakness, and at last

they lay down and died in the snow; but theirs was as high a daring and as enduring a heart as that of any conquistador who sailed with Cortez or Pizarro, and when Franklin and his men went 'to join the lost adventurers his peers,' they proved that there was as good blood in the English race as any that ever glowed in the veins of the lordliest Elizabethan. The age of Victoria is the golden age of exploration, and its most crowded years are those from 1845, when Franklin set sail, to 1859, when M^cClintock brought back such scanty record as remains.

> Stat sua cuique dies; breve et irreparabile tempus
> Omnibus est vitae; sed famam extendere factis
> Hoc virtutis opus.

Alike to Brown and Macdonald, to Franklin and M^cClintock the epitaph is due; one star differeth from another star in glory; it is not for the historian to determine whether to the dauntless explorer or the nation-building statesman shall be given the higher meed of praise.

W. L. Grant.

# PARTIES AND POLITICS

## 1840-1867

# PARTIES AND POLITICS, 1840-1867

## I

## LORD SYDENHAM'S ADMINISTRATION

### Social and Political Conditions

ON October 19, 1839, Charles Edward Poulett Thomson[1] landed at Quebec to assume supreme authority in British North America, and the date may well be considered that from which to count the founding of modern Canada. For political and social progress demands a certain foundation in organized institutions, and political order was the chief gift which Sydenham had to bestow on a land where society was still in a state of chaos.

It is impossible to deal with Canada at this period in the grand style, for she had barely yet escaped from the sordid and harsh essentials of the struggle for corporate existence. One has only to dip into the material clustering round Durham's Report to gauge the immaturity of society and politics in the provinces on the eve of Sydenham's government. Here and there growing cities, from Quebec and Montreal to Toronto, gave promise of a great future, and formed rallying points for Canadian culture; but true municipal and local government had not yet come into being, and regulations, where they existed, often existed only to be abused. Outside the cities there was a confused and sometimes painful process of land settlement wherein the most hopeful feature was the rough selection of the fittest made by the struggle for existence, from which there seemed likely to emerge a hardy generation with more leisure than their fathers to devote to higher forms of communal life.

[1] He became Baron Sydenham of Sydenham and Toronto on August 19, 1840.

Education, so far as the masses were concerned, was seriously defective. In the cities schools of no inconsiderable merit had been organized, and in Lower Canada the church had her own educational policy. Nevertheless, there were districts where the proportion of children attending school was one in twelve and where the schoolmaster's earnings amounted to a poor £20 a year.[1] Medical knowledge was naturally irregular in its distribution, and country doctors were known to have acquired a quick and easy professional training across the border in three months; and the treatment of the sick, the insane and the criminal demanded radical reformation.

Where the common facts of life were so ill-ordered it was hardly likely that political methods would be sound. Among the United Empire Loyalists there were men whom not even their prejudices could rob of a clear title to statesmanship, while Robert Baldwin in Upper Canada and Louis Hippolyte La Fontaine in Lower Canada proved that agitation was educating true constitutional leaders. Nevertheless, the Canadas were spending too much of their energy on mere friction, and it was the unanimous verdict of cool contemporary observers that Canadian politics consisted too largely of fierce but petty party warfare, the pursuit of private and corrupt ends, and of administrative methods which Sydenham could only designate 'the present abominable system of government.' Up to the year of the Union the true leaders of Canada, and the only men with a gleam about them of that romance with which the earlier history of Canada is so full, were the settlers before whom the forests were retreating, the engineers who were improving Canadian waterways, and the pioneers in inland and oceanic navigation.

It lies beyond the scope of this chapter to deal with the abnormal conditions created by the Rebellion, but it must be recognized that race hatred and division were perhaps the most powerful foes that civilization had to face, and that

[1] 'A common farm servant,' says the Rev. Mr Alexander of Leeds in his evidence before a committee of the House of Assembly in 1836, 'is allowed £15 per annum for wages, and, in addition, washing, board and lodging. A schoolmaster rarely gets more than £20 per annum, and none of the above-mentioned extras.'—Lord Durham's Report, Appendix D

the political confusion in which the rising found its opportunity set this 'maker' of Canada the task not only of creating a sound government, but of educating men to work that government. Nothing astonishes the reader of Sydenham's dispatches so much as the ignorance of the very fundamentals of parliamentary government displayed by men who were agitating for more control of affairs by themselves. 'When they come to their own affairs,' he said in two vivid sentences, 'and above all to the money matters, there is a scene of confusion and riot, of which no one in England can have any idea. Every man proposes a vote for his own job; and bills are introduced without notice, and carried through all their stages in a quarter of an hour.'

To make Canada, it was not merely necessary, in 1839, to create a Union and to quench the last sparks of rebellion. Facts called for a reorganization of society: the creation of a sound educational system; the pacification of warring churches; the cleansing and rationalizing of mistaken methods in land-granting; some attempt at least to grapple with the errors of existing immigration. Above all else a scheme of government had to be created which, while it offered the full advantage of constitutionalism to Canadian citizens, should first fit them for their rights by teaching them their responsibilities. The work could be accomplished perfectly only after a generation had passed, and even then there remained vast tracts of political 'wild land'; but the man who first made it certain that there was to be government, and not anarchy, was Poulett Thomson, one of those many servants of the Empire whom Britain finds it so easy to forget, and concerning whom Canada herself was, until recently, somewhat indifferent.

### Character and Training of Poulett Thomson

It would be absurd to make a hero of the man. He belonged to a school of British radicalism, very useful, but almost on principle unromantic; and where he diverged from his fellows into fopperies and conceits, the

divergence hardly raised him in the scale of manhood. That sound and concrete critic of politicians, Charles Greville, records the impression Thomson made on him before he left Britain: 'Civil, well-bred, intelligent and agreeable,' high in the good opinion of his political leaders, counting in the house through a knowledge which Greville half suspected to be borrowed, unable to recommend himself absolutely to the sceptical analysis of the man of the world. He had not yet had his chance, but the undoubted self-complacency, not to say vanity, which helped him so much in Canada, his minor moral defects, the valetudinarian element in him, and the absence of a definite certificate of aristocratic standing, made most men hesitate in their judgments. Not excepting the Duke, there were few heroes in early Victorian politics, and a man 'with a finikin manner, and a dangling after an old London harridan,' seemed hardly likely even to approximate to the heroic stature. Yet Thomson had an immense reserve power for administrative purposes, a mind of great strength and self-sufficiency, an unflagging industry, a disinterestedness which came as a revelation to Canadian politicians, and, most unsuspected of all, a persuasiveness and power of managing men which even enemies were bound to acknowledge. 'He was,' says Greville, 'in the habit of talking over the most inveterate opponents of his government, so much so, that at last it became a matter of joking, and the most obstinate of his enemies used to be told that if they set foot in Government House, they would be mollified and enthralled whether they would or no.' He came to Canada, then, in character an English gentleman with just a dash of the sensualist; in training, one of the aristocracy of British commerce, with all the culture and knowledge involved in that training; in politics, a whig joined in sympathy to the radical and free-trade wing; in general power, one of those rare administrators to whom slovenliness in others comes only as a challenge to introduce order and energy, and finding in work an ever-fresh incentive to further labours. He was no Canadian, nor even sought to be one. 'I long for September,' he wrote in 1841, 'beyond which I will not stay if

they were to make me Duke of Canada, and Prince of Regiopolis.' Yet he did for Canada what no Canadian could have done for her, and must count along with the greatest of his successors as a true founder of the Dominion.

## The Political Stage

Sydenham's political labours in the two provinces before Union have been discussed elsewhere; the present chapter must confine itself to parties and politics in the first Union parliament. In certain aspects that parliament of 1841 is unique in the annals of the country. It was the first elaborate experiment in democratic government since democracy had seriously entered the arena of Canadian politics; it was the first national gathering after the various risings; it saw French Canadians and Upper Canada Britons meeting on a new footing; and it introduced to the collective political intelligence of Canada a governor-general whose ideas on democratic colonial assemblies promised interesting developments.

There was a vast amount of work to be done; and when the speech from the throne was delivered at Kingston on June 15, 1841, besides alluding to such exciting issues as Anglo-Saxon diplomacy presented, it promised bills in connection with public works, the postal system, immigration, education, local self-government, and in addition to general finance it intimated a loan of £1,500,000, made on imperial guarantees, to assist the united provinces. With the eye of a great parliamentary strategist Sydenham estimated the dangers and the possibilities. Where so much hard labour was called for, mere party politics were out of place, and yet party politics seemed almost certain to emerge. French Canada lay in sullen discontent, and the spent issues of the great rising might possibly revive in the assembly at Kingston. 'There,' said Sydenham, 'the elections will be bad. The French Canadians have forgotten nothing and learnt nothing by the Rebellion and the suspension of the constitution, and are more unfit for Representative

Government than they were in 1791.' Even had the prospects been rosier, the hardly veiled hostility of these words promised doubtful peace between the governor-general and his French-Canadian subjects. Fragments of the Family Compact would still survive, and the unintelligent activities of MacNab suggested the possibility of tory 'excursions'; while the responsible government men, realizing to the full the shortcomings of the imperial definition of self-government, could hardly be expected to accept their fetters without a struggle.

Sydenham faced the situation with characteristic assurance and definiteness. Long before the parliament met in June he was preparing the way. As early as September 1840 he could write: 'My candidates are everywhere taken for the ensuing elections. . . . The mass only wanted the vigorous interference of well-intentioned government, strong enough to control both of the extreme parties, and to proclaim wholesome truths, and act for the benefit of the country at large in defiance of *ultras* on either side.' In his endeavours 'to make the province essentially British,' he had given French Canadians the impression that he was tampering with constituencies against their interests, and all Canada felt sure that he had unduly concerned himself in the actual elections. If only his method had been legitimate, his general conception of Canadian politics would have been not merely sound but incontrovertible. There were, he held, no real parties, and no real dividing issues. Parliamentary strife must needs consist of battles of kites and crows, in which local jobs would provide the objects, and personal animosities the inspiration for battle. He desired a central Canadian party, and here Sydenham's enemies and critics may remember that when the colony had learned its lesson, it came back, in the practice of the liberal-conservatives under Macdonald and Cartier, to the identical political ideal with which Sydenham began.

His success seemed in his own eyes complete, for he was able to declare in June 1841: 'I have got the large majority of the House ready to support me upon any question that can arise; and, what is better, thoroughly convinced that

their constituents, so far as the whole of Upper Canada, and the British part of Lower Canada are concerned, will never forgive them if they do not.' There was one serious storm when parliament met. Robert Baldwin, who, although he had accepted office, was perhaps the most conscientious and persistent advocate of completely responsible government in the province, had no intention of allowing the governor-general to break up parties by selecting strong men from each, to form a central and non-party administration. On the very day before parliament met he informed Sydenham that it would be ' expedient that Mr Sullivan, Mr Ogden, Mr Draper, and Mr Day should no longer form a part [of the government], and that some gentlemen from the Reformers of Eastern Canada should be introduced.' Whatever faults there may have been in his tactics, Baldwin was attempting to regulate Canadian practice in accordance with the best British cabinet precedents, and if in any sense these held good for Canada, he was right when he contended that a cabinet should be as nearly homogeneous as possible, and that popular government demanded that no interest should be so excluded from recognition as were the French Canadians under La Fontaine. Baldwin's tactical mistakes gave the governor a chance to read him one of his stiffest lectures, but the political tutor, as he corrected the manners of his disobedient pupil, hardly realized that in the future of Canada the man he scolded for unbecoming conduct, and whose memorandum he accepted as a resignation, was the true master and teacher.

But the storm blew past, and although there are indications of opposition in his dispatches, Sydenham's language from first to last is that of a victorious master. As late as August 28, and on a topic so controversial as the establishment of local government, he reported unanimity in his council and a clear majority in the assembly. The success of his parliamentary manœuvres may be discovered not only in his letters and dispatches, but in the list of acts with which the session closed But the price which he paid, or which he forced his successor to pay for him, is written in a long and confidential dispatch of Sir Charles Bagot, which stands

out as the most searching and adverse estimate of Lord Sydenham's parliamentary career in Canada.

> Were I to lift the thin veil of success which covers it [Lord Sydenham's policy], much of deformity would be found underneath. Towards the French Canadians, his conduct was very unwise. . . . He treated those who approached him with slight and rudeness, and thus he converted a proud and courteous people—which even their detractors acknowledge them to be, into personal and irreconcilable enemies. . . . The mode in which several of the elections were carried in both provinces, but especially in Lower Canada, weakened his position with the honest and uncompromising Reformers of the Upper Province, and gave even Sir Allan McNab a pretext for annoying and opposing him. . . . It was only by dint of the greatest energy, and, I must add, the unscrupulous personal interference of Lord Sydenham, combined with practices which I would not use, and your Lordship would not recommend, in addition to the promise of the loan, and the bribe of the Public works, that Lord Sydenham managed to get through the session. . . . Lord Sydenham was in fact the sole government, he decided everything and did it himself—sometimes consulting his council, but generally following his own opinion, and seldom bringing them together or consulting them collectively.

Nor was it only in voting strength that his government declined. It had been formed, as will be shown below, in accordance with a theory hostile to the complete grant of responsible government as Canadian radicals defined it. Yet when Baldwin introduced his resolutions on responsible government on Friday, September 3, Harrison only warded off defeat by counter-resolutions, really drawn up by Sydenham himself, which gave to the enemy practically every position for which he had contended. More particularly his third resolution swept away the refinements and limitations to which the imperial government clung as essential to the British connection :

> That, in order to preserve between the different branches of the provincial parliament, that harmony which is essential to the peace, welfare, and good govern-

> ment of the province, the chief advisers of the representative of the Sovereign constituting a provincial administration under him, ought to be men possessed of the confidence of the representatives of the people, thus affording a guarantee that the well understood wishes and interests of the people, which our gracious Sovereign has declared shall be the rule of the provincial government, will on all occasions be faithfully represented and advocated.

So passed the first session of the Union parliament, and the last chapter of Lord Sydenham's life.

### Sydenham's Services to Canada

A general estimate of his work must, however, be based on something more comprehensive than the few short months of parliament at Kingston. There were the pioneer labours in the separate provinces, the sallies beyond the Canadas themselves into general British North American politics, and the arrogant assertions of his right to dictate and change at his will the instructions of the British government to his province.

It is possible, and perhaps correct, to contend that his main service to the country lay in 'things done'; for he left Canada the richer by two years of the most incessant work. He was a kind of Hercules, attempting with amazing success the seemingly impossible tasks set him by British North America. Under him local government became a practical thing: schools were called into existence, public works were started, immigration controlled, the United States taught to respect the decencies of the border, land-granting systematized, and the clergy reserves troubles modified, if not ended. In this sphere a simple list of the statutes passed in the first Union parliament is the best evidence of his success. More important perhaps than any of these—he set a new standard of efficiency in public administration, rebuking, dismissing, economizing. Even Bishop Strachan had to own a master, and put on a humility which ill became him, when Sydenham, discovering that a large

sum of money had been borrowed from the funds of the university by the Right Rev. President of King's College 'for his private purposes, on the security of various notes of hand, and that several of these notes had not been paid when due,' proceeded to read a lesson to him, and at the same time to the whole community. 'It appears,' wrote his secretary in his name, 'that a loan of a considerable sum was made by one of the Council to one of the members of the Board. Such a proceeding His Excellency cannot by any means view in the light of an ordinary money transaction. The employment of the funds of a public trust, by one of the Trustees, for his own advantage, is a proceeding which in His Excellency's opinion is highly objectionable, and calculated to destroy the confidence of the public in the management of the University.' The British standard in the administration of public money has ever been high, and Canada, between 1839 and 1841, received more than one lesson in this first postulate of public life.

But the most vital and important service rendered by Sydenham to Canada was something subtler and more difficult to describe—he gave her an organized political life. To have effected a union was only the beginning of the battle. It is true that Sydenham's part in the Union was more important than that of the imperial legislature which sanctioned it, for he conciliated the individual interests antagonistic to the measure. 'It was by playing with men's vanity,' says an eccentric pamphleteer, 'tampering with their interests, their passions and their prejudices, and placing himself in a position of familiarity with those of whom he might at once obtain assistance and information, that he succeeded in carrying out what Lord Durham had left to some more practical person to effect.' What is this, if only we change the temper of the utterance, but to confess the man a great diplomatist, and possessed of one of the first essentials of the practical statesman?

Still there was sterner work than mere diplomacy to be accomplished. Before Union could be regarded as secure, there had to be created, not only a new system of political machinery, but a school of public manners, and that atmo-

sphere of compromise and understanding which is at least half of the British constitution. How little Sydenham could rely on the material at his disposal a brilliant dispatch of December 15, 1839, reveals. It was written in Toronto, and from his picture of Upper Canada politics and their chaotic conditions it is easy to imagine what the Union parliament would have been if some higher power had not intervened. The assembly was a chaos, in which not even the members of government had any coherent scheme. On the most important questions public officers were to be found on both sides, and the desires of government had no apparent influence on the conduct of its so-called upholders. Individualism ruled supreme, with its usual satellite, jobbery, in its train. Above the assembly, the council was conducted on lines which necessarily involved collision with the more popular body. 'The whole power of this branch of the legislature has been really exercised by a very few individuals, representing a mere clique in the capital, frequently opposed both to the government and the Assembly, and considered by the people hostile to their interests.' In the same way, while the governor had practically abdicated his power in favour of the executive council, and while all men counted the council the responsible body, it was 'composed of men, not only in whom confidence is not placed, but whose opinions are known to be opposed to those of the people.' In keeping with all this confusion worse confounded, the administration of the province had fallen into such disrepair that, said the governor-general, 'if the province should escape without loss, the circumstance is to be attributed rather to the character of the public servants than to any precautionary measures.'

Such were conditions on the eve of a great gift of popular government to Canada, and the situation became all the more critical because it had not yet become clear what relation the growing colony was to have to the mother country. It is easy to be wise in the light of later experiences, and to point out the obvious advantages of home rule; but absolute home rule was both unthought of then, and impossible of achievement even had it been advocated. Sydenham came at a transition stage in Canadian political life, and

while his system depended too exclusively on the man who worked it, and was certain to involve its own defeat, Canada could only attain her true government through this 'Sydenham' stage, and Sydenham was almost the only man who could have done the work.

The key of the situation, for him, lay in the governorship. He was a radical entirely imperial in his outlook, and he could have brooked the peaceful dissolution of the Empire as little as Lincoln was prepared to accept the claim of the individual states against the Federal Union. Now the imperial power resided for Sydenham in the governorship, and that he could delegate to no executive, nor stultify to please any popular assembly. Time and again he asserted his doctrine, correcting the colonial secretary himself where he seemed to require tuition. When the Upper Canada provincial assembly inquired whether any communication had been received from the colonial secretary on the subject of responsible government, Sydenham coldly intimated his regret that it was not in his power to communicate to the House of Assembly any dispatches upon the subject referred to, and Lord John Russell had his procedure corrected for him from Canada.

'The governor,' to quote his own terse phrase, 'must be personally responsible for all his administrative acts, and an executive council cannot therefore be made so.' He represented at once the royal power, and, through it, the bond of imperial union, and nothing must weaken either. Equally valid in its own way with this imperatorial power was popular right, but the people in Sydenham's eyes were a flock to be guided, and he believed in the oriental fashion of the shepherd going before his sheep. In the House of Assembly, the express image of the people, it was his ambition not to see petty divisions—he knew that Canada was too small in politics, had too few great exciting issues, to be able to support real party divisions—but to see a union of the moderates.

Nowhere is the man more splendidly clear-sighted than when he dismisses existing so-called 'parties' with a sweep of the pen. 'Party, according to our English sense, can scarcely be said to exist, and the English party names, though

adopted here, do not in the slightest degree describe the opinions of those who assume them or to whom they are assigned.' And, again, he refers to 'the delusive nature of the party nicknames borrowed from England.' With the instinct of a great administrator he determined, like Bismarck and Cavour, to govern through a liberal-conservative party; for that is really what his support from the moderates amounted to. But such a party is always the creation of some master influence, and in Sydenham's relation to this party we face the most remarkable aspect of his governmental practice. It was his desire, in spite of autocratic leanings, to meet the wishes of the people, although at times these were ill-informed; but to divest himself of his viceregal and imperial authority would be both a crime and a blunder. Between him and the popular assembly there came an executive, but that executive was not the creature of the people; it was his own instrument. Looking back, he saw instance after instance where a dictatorial governor had flaunted a hostile executive in the face of his assembly. In his opinion the fault there lay, not in the power possessed by the governor, but in the use he made of it. 'I consider it,' he wrote in 1840 during trouble in Nova Scotia, 'both unwise and imprudent to have persevered in maintaining a particular set of men in such a capacity in whom the Assembly had notoriously no confidence, rather than select others more acceptable to them.' To him a colonial governor, because of his peculiar position, represented the royal power as it had been when the king was his own prime minister, the council really his servants, and the one check on his autocracy the knowledge that government was possible only when the people's wishes were considered.

It is easy to see the dangers involved in Sydenham's position. He feared that the representative of monarchy should be deprived of all real power, and, in his place, there should arise a cabinet, the creature of uninstructed and irresponsible public opinion. That, on the whole, would mean separation, and separation never occurred to Sydenham as a possible solution to anything. But was there not as serious a risk, even on his theory? Assume a grave

divergence of opinion between the governor and his executive, and the people; what then? If the king or his representative has all the power, he has the power to do wrong; and constitutional government is erected on the maxim that he cannot. Sydenham saw the point and accepted the risk. It says much for his logic that when the Nova Scotians did differ from their governor, and actually petitioned that he might be removed, the governor-general approved of their line of action as contrasted with the claim of the people to control the executive council. However unusual, it was 'the legitimate mode for the legislature to adopt when it was dissatisfied with the executive government'; and he proceeded in luminous words to speak of 'the mischief which must inevitably arise from intrusting the delicate and difficult task of governing with a popular assembly, to persons whose previous pursuits have left them practically unacquainted with the management and working of such bodies.' What he dreamed of was a popular government, but one where the truest popularist was the autocrat at the top; and I suppose he justified himself, as against critics of all such 'patriot princes,' by pointing out that, in the case of Canada, the governor was chosen, not born, and that it was easy to get the right man. At least, he cherished no doubts as to his own appropriateness.

At the same time, Sydenham was fortunate in the period set to his work by death. He seems to have been conscious that he had played his part, for the fatal accident of September merely precipitated the termination of an administration which would have ended with 1841. While the political and social life of Canada was crude, it was only for lack of opportunity; and when once a proper start had been made and a fit example set, Canadians learned so rapidly that the viceregal pedagogue-prime-minister was certain to find his position untenable. Even before the end of the first parliament symptoms of trouble had appeared. The faculty for accepting tuition, more particularly in politics, is one of the least permanent elements in ordinary humanity; and not all Sydenham's tact could disguise the fact that Canada was being consciously and firmly educated by her governor-

general. Besides, the united legislature was no ideal group of men, but a turbulent and divided mass, with racial hate at the centre lying in wait for its opportunity. Sydenham's success, as has been shown, was less than he himself thought, thanks chiefly to the French. He tried to conciliate those restless spirits, but 'members of that party who accepted office were invariably rejected from their seats, when they sought to be re-elected, and an overture made to the party through Mr La Fontaine was abruptly broken off. As the session advanced, the supporters of the government, thus weakened, were so reduced in numbers that, with all their exertions, some of the most important ministerial measures were passed by a bare majority, and in one or two cases by the casting vote of the speaker.'

It may seem a lame conclusion to a great man's work—the lamer because his political practice has been chosen as the most eminent contribution made by Sydenham to Canadian progress. But there are things, doomed to failure, which yet are necessary before the next step in progress can be made, and in his two short years Sydenham taught Canada the meaning of true authority, the importance of public honour and spirit, the methods by which honourable politicians combine in cabinet and party, and the possibility of being popular without pandering to the low inclinations of the political mob. I doubt if he ever could have comprehended the real danger of his system, but then he was perhaps the one man living who might have made it work. And, if the opposition to him grew, it is well to remember that, coincident with that opposition, he was carrying through a mass of legislation such as no ordinary legislature would accomplish in ten years; and that in addition he had taken from discontent all its real sting and danger. To recur once more to Greville's estimate of the man:

> He was always known to be a man of extraordinary industry, but nobody knew that he had such a knowledge of human nature, and such a power of acquiring influence over others. . . . Though of a weak and slender frame, and his constitution wretched, he made journeys which would have appeared hard work to the

> most robust men. . . . These are the materials out of which greatness is made—indefatigable industry, great penetration, powers of persuasion, confidence in himself, decision, boldness, firmness.

Few groups of men have so disguised the higher things of life—its heroics—in utilities, as that to which Sydenham belonged. Yet free trade, and the relief of the poor, and the quest for peace, and the bringing of innumerable humanities into our average lives are no despicable achievements, and if the establishment of decency and order in Canada, and the origination of a great experiment in colonial democracy, have little in them to win popular cheers, wise men appreciate in silence, and remember.

## II

## BAGOT, METCALFE, AND THE POLITICAL CRISIS

### A Troubled Period

THE second stage in the political development of United Canada extends from the death of Sydenham to the departure of Lord Metcalfe, his second successor, in 1845. In these years, as in those which preceded them, the centre of political interest is still rather the governor-general than the assembly, or rather is the relation of the governor to the spirit of independence which made such rapid strides in parliament after the first ' non-political session '—if Gibbon Wakefield's phrase may be accepted. By his virtues and his defects Sydenham had scattered the seeds of tempest, and his successors reaped the whirlwind.

The causes of trouble were many and obvious. First and foremost came the need for readjustment of the British theory of colonial autonomy. The timid days of paternalism were past, but neither whigs nor tories understood the system for which the colonial leaders were calling—responsible government—nor the actual constitution of the bonds which were to hold Canada to Britain. A colony in their eyes was something tentative, its population British, no doubt, but rudely British, and its government a compromise between

a crown colony and the British parliament, but with the emphasis on the crown colony features. Sydenham's logic, as has been shown, had fixed on the governor-generalship as the key of the situation. As his own prime minister he had determined to create, if necessary, a party. This party was to support an administration of the recognized liberal-conservative type, and his ministers were to represent not a predominant factor, but all shades of Canadian opinion.

The fundamental error in this logical device was that Canadians, being Britons living abroad, naturally claimed the privileges of self-government enjoyed in the mother country; that they were divided into parties; and that they expected party opinion to be as dominant in Canadian government as it was in England. Burke's eloquent refutation of non-party rule was as valid for nineteenth-century Canada as it had been for Rockingham against the scheme of George III. To a modern critic nothing seems more obvious than that parliamentary government, exactly as it was practised in Britain, in all its details and with all its liberties, was the only possible method of satisfying Canadian claims.

It was nevertheless difficult for any British government to consent to what seemed simple and logical. The fate of the American colonies hung still over the councils of the Colonial Office, like the clouds of some storm, spent for the present, but with possibilities of recurrence. Catastrophes were still possible in the colonial world. Nor did the colonial reformers make matters simpler. 'Politics,' said the Hon. Isaac Buchanan to Ryerson, 'in a new country are either the essential principles of society, or parish business'; and, unfortunately, not only were parochial details discussed with all the seriousness of essential principles, but the principles, wedded to obscure local matters, and darkened with the violence and personality of village disputes, led Canadian reformers into action neither mannerly, nor useful, nor wise. The work of Somers, Walpole and Pitt, in England, had sometimes to be done in Canada by eccentric reformers and party intriguers. Members of the administration were not always faithful to their cabinets; responsible officials had to be reminded even of so elementary a duty as attendance

in the cabinet or assembly ; and the air of compromise and consideration for the other side, which is the most valid explanation of British efficiency, was usually absent in Canadian political crises. Friction in practically every serious political resettlement delayed and weakened the work of administration. In spite of Sydenham's work as political tutor to the colony, the conventions of the game were not yet understood.

The racial question complicated the merely political situation. Durham's scheme of self-government for Canada had presupposed the swamping of French national spirit as the condition of future peace. Sydenham had systematically ignored French-Canadian claims, and he had not restrained himself from the use of most improper influence to secure predominance for the British party in Lower Canada. The national consequence, more especially of Sydenham's action, was 'something very like a private quarrel on his part, with the whole mass of the French inhabitants of Lower Canada.' Sydenham's successors, then, had to count, not merely on the normal party divisions, but on this rampant nationalism, dividing existing divisions, and running deep into the social as well as the political fabric of the colony. So tense had the state of French-Canadian feeling become, that the acceptance of government office by one of their number automatically set him apart and ensured his impotence in all matters of active political influence.

Add to the various troubles the youth and crudity of the community, the lack of political education in the new masses of immigrants, the difficulties attached to mere existence in a new land, the slow operation of any but material motives and appeals, the naturalness of what more advanced communities would call corruption, and all the elements of an acute political difficulty are present.

## Sir Charles Bagot's Administration

The selection of a successor to Lord Sydenham fell to the great Peel cabinet of 1841, and Stanley, who was Peel's

secretary of state for the Colonies, made what seemed a whimsical choice in Sir Charles Bagot. For Bagot belonged to an age and world very different from those of his Canadian subjects. He had been one of Canning's men, filling in succession the positions of minister plenipotentiary at Washington, St Petersburg and The Hague. His years of service had included those in which Canning made his reputation as the greatest foreign minister of Britain since William III and Marlborough; and the greatness of the minister overshadowed the performances of his colleagues. In the history of diplomacy Bagot remains noteworthy as the negotiator of the Rush-Bagot treaty, the ambassador at St Petersburg when the definition of the north-west boundary of British North America was being arranged with Russia,[1] and the recipient of Canning's famous rhyming dispatch of January 31, 1826. In the caprice of imperial statesmanship he had been chosen to fill the governor-generalship of India, and through the same caprice he was deprived of the opportunity, which he had barely had time to refuse, because his brother had voted against Canning on a vital question.

In his voluminous correspondence before and after 1842 he presents himself as an admirable representative of the old and fading world of the eighteenth century and the Georges —witty and cultured, knowing the whimsies and foibles of men, and a little suspicious of their enthusiasms and their serious moods. Belonging to Canning's set, he was a man rather enlightened than of fixed political principle, and more at home with 'men' than with 'measures.' He might have formed a bright and kindly figure in Thackeray's *Vanity Fair*; and they were sending him to Canada, the antipodes of the world in and for which he had been bred.

At first sight he seemed hardly the man to mollify political bitterness. Doubts were expressed as to his fitness for facing an unusually troublesome popular temper, and the unrelenting tories, whose support was a very doubtful gift to any governor-general, looked to the member of an ancient English family, who was also the nominee of a great tory ministry,

[1] He has therefore a secondary interest for Canadians as being indirectly responsible for the facts connected with the Alaska Boundary Award.

to exalt them over the heads of their rivals. Stanley, too, had his clear-cut opinion of the proper course for Canada. 'You cannot,' he had written in his instructions, 'too early, and too distinctly give it to be understood that you enter the province with the determination to know no distinctions of natural origin or religious creed'—an admirable sentiment, but one which rather overshot the mark. His desire to extinguish hatreds and divisions and proscriptions went farther than English usage permitted, and planned some such administrative despotism as Bismarck imposed on Germany, or George III attempted to create in England. If the people were not to be permitted to elect their rulers through the operations of party distinctions and prejudices, then the phrase 'Responsible Government,' to which government had consented in the declarations passed under Sydenham, was meaningless.

But by a whimsical chance the tory nominee of a great Conservative government proved the means by which Canada won her first substantial victory for self-government. Bagot had been chosen, partly with an eye to more amicable diplomatic relations with the United States, but also because he had never committed himself to any violent political position, and could conduct himself with firmness, discretion and temper. But the British ministry was hardly prepared to find their nominee force their hand, and precipitate a condition of self-government far beyond anything that even their moderate men could concede.

Bagot's actual administration lasted only from January 12, 1842, when he arrived in Kingston, until, on March 29, 1843, he was able to write, from his death-bed, 'The new Governor-general is this moment arrived in the town—I am to see him at 4 o'clock.' Yet in these fourteen months he had accomplished what not all the efforts of his successor, backed by a powerful English ministry, could check, and prepared Canada for the self-government which she received at the hands of the Earl of Elgin.

There is really only one central political situation during the administration, and even important secondary details must give place to the main issue. The need of Canada was

efficient administration, yet Sydenham had left, as a means to that end, a ministry which had ignored the entire French-Canadian element, a majority which had disappeared, and a theory of state which contradicted the known desires of all the progressive elements in the land. To defeat the policy of the party of government, tories, French Canadians, and radical 'ultras' were in the habit of uniting and obstructing. Questions concerning the civil list, the new municipal council and the clergy reserves, to mention no others, gave the opposition ground for attack whenever they cared to advance.

After a short hesitation—parliament would not meet until autumn—Bagot saw his policy, and acted with a resolution the more admirable because he was by no means sure of British backing. It was a case of the man with genuine local information and sympathy changing the instructions which had been composed in remote ignorance. He began by appointing a distinguished French Canadian, Vallières de St Real, to the chief justiceship of Montreal; and a moderate reformer, Francis Hincks, who was thoroughly trusted by the reform party, to be inspector-general of accounts.

In both cases he was met with an encouraging loyalty, which compensated for minor disappointments in his French-Canadian experiments.[1] Then he advanced to the main attack. His council had, fortunately for him, most sympathetic interest in the situation, and, while one or two of the more negligible were absent, men of keen mind among the moderate conservatives, of whom W. H. Draper was the most notable, not only urged him to act, but offered to make necessary changes possible by resignation. The key of the situation lay in the French party, although matters were somewhat complicated by the fact that the French could not in honour accept office without stipulating that Robert Baldwin, the conscientious, intractable and pragmatic minister, whose resignation had threatened to destroy the

[1] Of Hincks he writes: 'He has accepted the office, and accepted it in a manner which I think does him much credit, making no exception to any one of his future colleagues in the cabinet, nor any stipulations for himself of any kind.' Bagot to Stanley, June 12, 1842.

peace of Sydenham's first parliamentary session, should enter office along with them.

On September 10, certain that, if he remained inactive, he would have to face overwhelming parliamentary opposition, he sent for the recognized leader of the French party, La Fontaine. He had resolved on a partial surrender, and even if Baldwin had to receive a place, he would consent, but as an associate of the French reformers, and not on his own terms. To his frank confession that he required French support La Fontaine answered with his terms—four places in the council and a willingness to accept Baldwin. At the very moment of success an unexpected difficulty arose; for Baldwin's conscience, which was accustomed to operate with a very wayward persistence, was uneasy at entering a ministry not entirely homogeneous, and in which reforms might be swamped by the other elements; and none of the new ministers was willing to consent at once to the pensions which Bagot wished to grant to certain of the retiring councillors. On the 13th La Fontaine refused to accept office on the terms which he himself had dictated, and the situation was the more critical since Bagot's present ministers spoke of resignation, and Baldwin had already commenced the attack in an onslaught on the address. Bagot met the crisis by publishing in the assembly through Draper his very frank offers; after which, not only did the house approve, but the minister-elect came quietly in, and, writes Bagot with pardonable pride, 'the House is now prepared to pass any measure or adopt any course I may suggest.'

That Sir Charles Bagot had accomplished a political stroke of the first importance, no one will now deny. It is true that the complete ruin of his health flung the reins of administration more completely into the hands of his new councillors than he had anticipated. It is also true that he was preparing trouble for a successor who did not care to follow in his footsteps. But the results in Canada were immediate and beneficial. Administration on sound lines became once more possible, and Bagot's ministers stood by his memory in loyal defence, long after loyalty to the man could be of any personal advantage to them. In a time not

overburdened with political sympathy and honest loyalty, Bagot's minister of Finance was able to write : ' Sir Charles Bagot's policy was consistent from first to last, and there was never any reason to suppose that he would have obstructed a ministry which he had taken an active part in forming. To the last he maintained the most cordial relations with all his ministers, and took an affectionate leave of them shortly before his death, appealing to them to defend his memory.'

But British opinion hardly kept pace with the sound developments of the governor-general. It is true that Sydenham's very able political secretary, Murdoch, wrote to say how entirely he agreed with Bagot's new arrangements, but even among the radicals the principles of home rule were hardly yet understood by British politicians, and Stanley had no intention of granting what Lord John Russell himself suspected as separationist in its consequences. The actual displeasure shown towards Bagot, and the extent to which that displeasure weighed him down, have been exaggerated, but there is no doubt that Peel and Stanley yielded with a bad grace, and changed the system as soon as Bagot's resignation gave them a chance. Stanley thought that Bagot should have rallied round him an essentially governmental party, and, strong in their support, have defied the hostile sections. In violation of all the most valid parliamentary traditions he and Peel cherished the hope that this party, formed by the detachment of individuals from both extremes, was a possibility, and that, even faced by a hostile majority, he could still carry on the 'Queen's Government.'

Peel gave his opinion in a letter pregnant with his calm wisdom, but undoubtedly mistaken in relation to Canadian facts. ' I think,' he wrote, ' he should fight the battle as long as he possibly can, in the hope that by great prudence, and moderation, and strict adherence to constitutional forms, even where the extreme exercise of his power is necessary, he may call to his aid whatever there may be of a sound public opinion out of the Chamber, or may betray his opponents into some false steps which will give him an advantage.'

The precedent of the younger Pitt was obviously in the writer's mind ; but there was really no resemblance between

the cases. Pitt was backed by royal influence ; Bagot had no such munitions of war. Pitt had to control a chamber peculiarly susceptible to the means of persuasion then at the disposal of the king's minister, and, being gentlemen of intellectual tastes, equally susceptible to arguments and manœuvres, which appealed to them as members of the political aristocracy ; Bagot had to face a keenly democratic assembly. Pitt happened to be fighting against an unscrupulous alliance of parties, with popular feeling on his side ; Bagot was asked to thwart the people of Canada in one of their most dearly cherished ambitions. Parallels, despite Plutarch, are of little value in history and politics, and the circumstances in politics make each new venture something unique and unprecedented.

Stanley could not but feel regret that things happened as they did, and while he admitted necessity as a plea, he said explicitly to Bagot that he should have preferred to see the necessity 'demonstrated'—a phrase which means, if it have any meaning, that Stanley was prepared to see Canada plunged into disorder before he yielded. In the end he gave a reluctant assent, not disapproving in so many words, but hoping even yet that Bagot might be able to recover in other directions his concessions in the council. 'The present seems to me a favourable time for impressing on your government as a body, the propriety and necessity of adopting that act [the Act of Union] as a whole ; and of declaring their intention to stand by the provisions, including civil list, and any other debatable point—to take it, in short, as a *fait accompli*.'

That Bagot felt the underlying distrust is no doubt true. He bade Peel and Stanley give frank expression to their displeasure, if it existed in excess, by public recall. But there is nothing to suggest that he brooded over the feeling. On the contrary, there are repeated expressions of pleasure, in his latest dispatches, at the support he had received. 'I think I could satisfy you,' he wrote on November 11, 1843, 'if it should become necessary, that I took the least of two evils.' A little later he was 'abundantly satisfied, and gratified, and fortified, by the light in which the govern-

ment is disposed to view my late measures' ; and just before the end he could assure Peel, at once of his confidence that the surrender had been wise, and of his happiness in Peel's approval : 'Your letter, the communications, both public and private which I have received from Lord Stanley, and the language held in the House of Commons, as to my recent measures, which I always knew might be as hazardous as they were clearly inevitable, have carried me through a period of anxiety such as I hope will never befall me again.'

Few men have done their inglorious duty with more unswerving honesty, and with less credit from headquarters, than Bagot. It is always easy to be relentlessly dogmatic in error—the conventional pose of the hero. The difficulty lies in accommodating preconceptions fortified by dignity to suit things as they are. That Bagot accomplished, but he certainly laid up a store of troubles for his successors ; for Metcalfe was the man that Bagot was not—a Quixote with fixed principles.

## An Experienced Colonial Ruler

Nothing could have promised better than the appointment of Bagot's successor ; for few among the public servants of Britain had a better administrative record than Sir Charles Metcalfe. He had been born into the tradition of imperial service, and his education had been that of the governing classes in Britain. At a very early age he had undertaken most responsible work in India, and he had passed through all the stages of Indian promotion until he had been chosen to fill temporarily the highest place, after Lord William Bentinck's retirement. He had proved himself something better than a mere efficient functionary, for, sharing in the reforming work of Bentinck, he had kept an extraordinarily open mind in matters of liberty and fair play. At the cost of great discomfort to himself he had exposed a financial scandal in which his superiors had been inclined to acquiesce ; and to him belongs the credit of freeing the Indian press from harassing restrictions. Nor was his admini-

strative liberalism a facile go-as-you-please mood. The man had that highest kind of political imagination whose fruit is self-criticism. He saw with an amazing clearness the dangers confronting British rule in India, and expressed his fears in language adequate to their importance :

> Our power does not rest on actual strength, but on impression. . . . In their feelings, they [the inhabitants of India] partake more or less of the universal disaffection which prevails against us, not from bad government, but from natural and irresistible antipathy. . . . Our greatest danger is not from a Russian invasion, but from the fading of the impression of our invincibility from the minds of the native inhabitants of India. The disaffection which would willingly root us out exists abundantly : the concurrence of circumstances sufficient to call it into general action may at any time happen.

This is something more than mere shrewd insight : it is evidence that the man had a sympathetic insight into the minds of those whom he governed of an unusual power and depth. Passing from India, he had done work of great importance in removing causes of friction in the government of Jamaica, and Bagot confessed that his was the first name which presented itself to his mind as his successor, if indeed it was not too humble a position to offer to so distinguished a public servant.

In Canada, whatever his political errors, he impressed all with his admirable qualities and his generosity. According to credible evidence, he had unlimited patience in granting and enduring interviews, never attempting ' to close an interview, except by occasionally wearing out importunity by silence.' He carried charity and thoughtful generosity to a heroic pitch ; and if his years in Indian authority had given him the over-simplicity of great despotic public servants (his critics called him Square-toes), he had also the high civilian's hatred of mean compromise and trickery. Canada was to be governed by a more intellectual and powerful Colonel Newcome.

## Political Storms

Metcalfe's first beginnings were not unpeaceful. In a tour through part of the province he was received 'with demonstrations of loyalty to H.M. the Queen, and with kindness towards himself,' and in his first parliament the address was adopted without opposition. But the air was in a highly electric condition. The question of a change in the seat of government threatened to set the British against the French inhabitants; and both of them against the little circle of dwellers near Kingston, Lord Sydenham's choice of capital. Not only was the eternal trouble of the clergy reserves ready to fill any gap in the proceedings of government, but there was a strong anti-Anglican movement to secularize the provincial university, and the political and religious turbulence of Orange societies demanded some kind of solution. Deeper down in men's minds were the doubts entertained by Canadian reformers as to the reality of the self-government granted them by Britain.

In the struggle which followed, pamphleteers and speakers contradicted and asseverated with reckless disregard for truth. To Gibbon Wakefield it was 'a great disturbance, apparently about nothing,' a complication of reforming ambition with sheer bad manners.[1] To Egerton Ryerson it was a factious attempt of unscrupulous politicians to snatch from the governor-general powers of patronage which they had previously disavowed as undesirable in administration. To Metcalfe and Stanley it was a bold attempt to erect an independent Canada; and the former was convinced enough of the villainy of his earlier ministers to write:

> I regard their faint profession of a desire to perpetuate their connection of the colony with the mother country as utterly worthless; although I do not imagine that generally they have separation as their immediate object, their present views being to establish the power

[1] Wakefield, in his *View of Sir Charles Metcalfe's Government of Canada*, declares that it was Kingston town-talk that Metcalfe's ministers 'called him Square-toes, to intimate that they deemed him an old-fashioned person of very inferior capacity.'

of their party, and to be sustained at the expense of the British nation, but with perfect independence of its supremacy in the government of the province.

Through the summer and autumn of 1843 relations between the new governor and his ministers grew more and more strained. Harrison, who was member for Kingston, resigned over the question of the change of capital. The control of the Orange society organization could not be effected along the lines desired by the ministers. The legislative council remained weak through the impossibility of getting politicians from Lower Canada to accept positions in it. The differences in temper and political ideal between governor and ministers grew, and were not simplified by the ill-mannered disregard for Metcalfe's feelings, which allowed his councils to propose measures without consulting him, and to indulge in ill-tempered criticism behind his back.

The crisis came on November 24. There had been some petty strife over minor appointments, and on that day the two leaders, Baldwin and La Fontaine, came to demand that Metcalfe should 'not make any appointment, without first taking their advice; and then should make it with a view to sustain their influence.' It is quite fair to say that the ground of resignation was a demand, ungranted, concerning patronage; but the whole question of responsible government lay beneath, and the views entertained on that subject by Baldwin and La Fontaine on the one hand, and by Metcalfe and Stanley on the other, were absolutely irreconcilable. Nothing remained but battle *à outrance*. Nor must supporters of the modern system of British democratic government allow surface crudities or rudenesses to conceal the fact that on the main issue the Canadian statesmen were as completely in the right as the British tories were in the wrong. Even on the assumption that ill-manners in politics often amount to constitutional error, and that Metcalfe was pressed beyond decent limits in matters of personal patronage, it was still true that he was supporting an untenable position in constitutional practice. He had come, he said, to govern Canada, not in the interests of a party, but of the whole; and he had no intention of yielding to

party pressure. But there was really no such thing as the will and mind of the Canadian population apart from that of the majority, and the majority is most easily expressed in the usual party form. Had Metcalfe been perfectly frank with himself he would have admitted that, since his desires in government coincided with those of the Canadian tories, he must use all his strength and influence to maintain in power not a United-Canada party, but a tory party which could hope for but temporary supremacy, if even that, in the minds of the general mass. Even assuming that the Canadian conservatives were all that he declared them to be—' the men of wealth and education . . . those to whom the country is deeply indebted for putting down the rebellion in Upper Canada . . . those who were formerly most conspicuous in their devotion to connection with the British Empire '—they could only secure practical expression for their patriotism by securing a majority in the country; and when Metcalfe and his supporters sought to evade that penalty by talking of ' the violence of party spirit,' or by accusations of factiousness, they were not merely ignoring the whole tendency of British politics since 1660, but forgetting that the rebellion in both provinces had been the result of that very position which they seemed inclined to support.

But there was a second and perhaps more excusable error in Metcalfe's stand. He had adopted Sydenham's position with regard to the governorship. He had a double responsibility—to the Canadian people, whose wishes he must consider, but also more seriously to the British crown, whose representative he was, and to the British connection, of which he was the most concrete and dignified symbol. It had been Sydenham's theory that, where discontent existed with the governor in the popular mind, it was much more correct to petition the crown for his removal than to ask him to change his ministers at popular dictation. Metcalfe reemphasized this position. ' I could not assent to it,' he declared, when his ministers asked for guarantees in matters of patronage, ' without degrading the office of the governor, and submitting to the supremacy of the Council, which it

has been the undeviating endeavour of Messrs La Fontaine and Baldwin to establish since their accession to office.' He regarded these endeavours as pretensions whose consequence would be the subversion of Her Majesty's government, and he determined to resist them at all cost.

## A Period of Deadlock

Both parties, then, had defined their positions with remarkable frankness. The practical question was how to carry on government. In the assembly there was an absolute deadlock, for the ex-councillors could count on a majority of over twenty. This, in Metcalfe's words, consisted of 'the French party, who, with only two exceptions, followed their leaders; of the extreme party, which supports Mr Baldwin; and generally of the party called reformers, who, the cry of Responsible Government having been set up, . . . gave their voices in support of the ex-councillors.' Here there appeared no gleam of hope. No doubt the legislative council gave him a majority, but complications grew when the executive council had to be faced. Faithful among the faithless, and faithful because his lack of strong political feeling co-operated with the need of a salary, Dominick Daly remained, 'The Perpetual Secretary,' for a month the sole member of the administration. Even after a provisional council had been constructed, consisting of Viger, Daly, Draper and Harrison, important offices remained unfilled, and when, on September 2, 1844, a complete administration was reported, it was anything but representative of strong Canadian feeling.

The real issue, however, lay in the country, for a dissolution was inevitable, and no one could say how matters would go there. In December 1843 Metcalfe had held that popular feeling lay with him, and certainly his supporters indulged their taste for wordy and pretentious addresses; but, a little later, Egerton Ryerson's brother spoke in very different fashion: 'At the present, more than nine-tenths of our people, in these Western parts, are the supporters of the late Executive Council'; and Lower

Canada might be regarded as beyond hope. Moreover, the opposition had many things in their favour: the cry of responsible government, the desire for undenominational education, the French national feeling, the Roman Catholic sympathy for any politicians who opposed Orangeism, and the extreme difficulty of the governor-general in escaping from the crisis without offending innumerable individual susceptibilities.

In the late spring, at an election at Montreal wherein violence, the former substitute for modern corruption, played its part, the ex-councillors won a victory, utilizing the Irish vote and the desire for repeal of the Union. The elections came on in autumn, and, since the cry of loyalty to the connection never fails to secure the waverers and to awaken the indifferent public, Metcalfe's new ministry found itself with a precarious majority of about six in the legislative assembly. The governor's admirable persistency, for he never moved from his initial position, may have done something to convert those who admire the appeal of importunity. He could count on the old tories, on the Orangemen, on all who had the sentiment of loyalty strong within them. His council, by excluding tory extremists, had appealed to moderate men, and there can be no doubt that it contained sound statesmen, like W. H. Draper, of proved ability and honesty. But the ominous fact was that the majority was only six, and that it was entirely an Upper Canada majority.

It was clear that 'tactics' of some sort or other must be resorted to, and Draper, acting through Caron, the speaker of the legislative council, made approaches to La Fontaine and the French, to see whether any movement were possible there. It was an ill-managed business. Draper could, of course, hardly be sincere in his desire for French partnership; Caron seems to have been injudicious in communicating Draper's letters; and La Fontaine made an unwarrantable use of the whole correspondence, apparently with the intention of gaining a point for the opposition. The whole affair carried with it a suggestion of imperfect political honour, and led to a discussion, not unlike those in which

local councils indulge, except that in this case the personalities were flavoured with a strong dash of pretentiousness. If there is anywhere a gleam, it comes in the sound sense of La Fontaine's words to Caron: 'If under the system of accepting office at any price, there are persons who, for a personal or momentary advantage, do not fear to break the only bond which constitutes our strength, viz. union among ourselves, I do not wish to be, and I never will be, of the number.'

Meanwhile, the end of the affair so far as it affected Metcalfe was close at hand. Before he had arrived in Canada he had been afflicted by a cancerous growth on the cheek, and throughout 1845 his ailment complicated and grew worse. On April 4 he wrote to Stanley of the possible necessity for his retirement—he had already lost the sight of one eye.

In October he 'considered it to be his duty to apprise Stanley of the probable impossibility of performing his official functions'; and by the end of November he took advantage of the permission granted him to transfer the provisional charge of the government to Earl Cathcart. With the pertinacity of purpose and sense of public duty which have always characterized his class, he stood by his government under the most trying circumstances, and apologized, when he retired, for leaving another man to face a situation which he had not yet solved. 'Nothing but the apparent impossibility of my discharging my duties with the requisite efficiency,' he wrote, 'induces me to take this step.' In his case it is very possible to separate the governor-general from the man in passing judgment on him. He had behaved according to the strictest code of honour from first to last, modifying a stern constitutionalism only by gracious private acts of kindness, and adding another chapter to those already completed of very faithful service to his country, accomplished not for gain—he was the poorer by his Canadian appointment—but from a high sense of imperial duty. He was opposed with a rudeness which no mere newness of culture could excuse, and his opponents were not above using his affliction to point their taunts.

### Attitude of the Colonial Office

But admiration for the man must not be permitted to obscure the real issue; and the significant fact lies, not in the gallantry with which Metcalfe faced the storm, but rather in the inability, not merely of Stanley, but even of Peel, and his second secretary of state for the Colonies, William Ewart Gladstone, to read the signs of the times. When Canadian reformers suspected the whole episode as a move of Stanley's to wreck Canadian self-government, they had this at least on their side, that the last great administration of Peel had no intention of granting what Baldwin and La Fontaine desired so passionately. It is easy to establish the point; for at every critical point in Metcalfe's struggle he was met by the strongest approval from the Colonial Office. In May 1844, not only was his conduct approved, but the British government was 'prepared to give him any support which is constitutionally within their power, in maintaining the authority of the Queen, and of Her Representative against unreasonable and exorbitant pretensions.' In December of the same year he received the honour of a barony of the United Kingdom for his 'zeal, ability and prudence.' And when, a year later, he was granted release from his painful duties, the queen expressly commanded Stanley to express her entire approval of the 'ability and prudence with which Lord Metcalfe had conducted the affairs of a very difficult government.'

Incidentally, the secretary of state for the Colonies found occasion to reaffirm his opinions on colonial government. Like Sydenham, Gladstone was not prepared to regard Canadian opinion as anything better than an approximate guide to the selection of colonial ministries; their rough energies required a certain amount of judicious leading; and their parties were not, as in Great Britain, recognized constitutional expedients, but factions, making, in so far as they did anything, towards separation from the mother country. Like Metcalfe, Gladstone drifted, without realizing that he was doing what he reprobated in the colonists,

into accepting a party, and a small party, as the privileged exponents of loyal doctrine. 'You will not fail to impress on your Council,' he wrote confidentially to Metcalfe, '. . . the extreme risk which would attend any disruption of the present conservative party of Canada. Their own steadiness and your firmness and discretion, have gone far towards consolidating them as a party, and securing a stable administration of the Colony.' In the same dispatch he encouraged Metcalfe to anticipate government carried on in the teeth of popular opinion, arguing that this had been done in England, and that, in any case, the bonds which united public men in Canada were much more feeble than at home. It would be difficult to find in shorter compass an exposition of the principles which threatened the young existence of the British Empire.

But it was not only the party of correct and educated conservatism in Britain which assumed this attitude. Stanley was followed, at the very end of 1845, by Gladstone, as secretary of state for the Colonies. At this date Gladstone had completely surrendered to the commercial doctrines of Cobden, and it is possible to see most of his later practical theories incipient in his actions of 1846. He has no doubt, for example, that the development of railways in Canada must depend, not on British governmental support, but 'on private enterprise and capital.' He is equally convinced of the virtues of *laisser-faire* doctrines in trade matters, advocating for Canada the nearest approach 'to perfect freedom that the disposition of its inhabitants, and the exigencies of the public revenue there may permit.' But in matters of government Gladstone stood practically where his late colleague had stood. In a verbose but admirable dispatch to Cathcart he defined a position precisely similar to that held by Stanley and Metcalfe. He was, perhaps, a little further ahead when he declared that 'the deliberate sense of the Canadian community at large, to which electoral, and therefore also legislative functions, had been entrusted, must determine the form of Canadian laws and institutions.' But when the occasion for action came, the governor-general was to avoid identifying the

crown with any colonial party; he was to 'act with great aloofness from local influence in all appointments'; in short, he was to be the self-limited tyrant of an immature democracy, and he must not anticipate by one hour the date when democracy would come of age. To conclude, he was to see in Metcalfe one whose administration, 'under the peculiar circumstances of the task he had to perform, may justly be regarded as a model for his successor.'

It is difficult in these matters to avoid judging times past, but not dissimilar to our own, by standards which have been accepted in the interval. Under the shadow of accomplished facts the modern critic forgets all modifying circumstances in the past. Canada had barely achieved an entrance into civilization, and British statesmen might be pardoned as they looked doubtfully across three thousand miles to a land of rough farms and wild forest, peopled at best by half-pay officers and adventuresome agricultural aristocrats; at worst by turbulent Irish savages and paupers, incompetent to guide their own, apart altogether from national affairs. It is difficult sometimes to have faith even in civilized democracy; why should we quarrel with men who distrusted it in the earliest making? Reports from trusted representatives had told of crude and hurried legislation; recent rebellion had proved that Canadians had not yet learned the subtleties of peaceful agitation; and the very loyalists who crossed the Atlantic to apply in person for some small recompense for loyalty, hardly recommended their land as one of enlightened political altruism. There were rumours, too, of separationist agitation. French Canada lay there as a political *terra incognita* within whose limits another republican outburst might at any time occur. Across the border was a great semi-hostile state, and England might be pardoned for doubts when a governor-general's dispatch could report a toast, as disloyal as it was ungrammatical, to 'British Constitutional Liberty if possible . . . and in the event of the British government losing sight of us, we will become the adopted sons of Uncle Sam.' There was no precedent, except that of the New England colonies, for concessions such as the colonial reformers claimed, and

the price of New England liberty had been the Declaration of Independence. It was a dark outlook, but the building of an empire, like other vast speculations, has risks attendant on it, at least equivalent to its advantages; and neither Metcalfe nor his fellow-governors in Britain had yet learned the imperial lesson of audacious faith.

## III

## LORD ELGIN'S ADMINISTRATION

### An Eminent Peelite

IT is a significant fact that the seven years of Canadian history during which the Earl of Elgin and Kincardine held office are the last in which one thinks rather of the British representative in Canada than of the Canadian parliamentary leaders. The concession of popular government was at last to have its free operation, and the last real political leader among the governors-general was last because it fell to him to secure the final triumph of responsible government.

Elgin's place in the parliamentary development of Canada is outstanding, without being in any sense abnormal. He seldom cared to fling his unrestrained personal influence into the work, to achieve a triumph, possibly complete, but distinctly personal and irregular. He was always the constitutionalist in Canada, with a clear perception of real issues in politics, and bent on convincing men, even when he was most personal in his application, that they were to seek not his friendship, but the political good of the community. He belonged to the most distinguished school of politicians and administrators produced in England during the nineteenth century—the Peelites. His fellow-students at Oxford included Gladstone, Dalhousie and Canning, and all of them reflected the calm wisdom, the faculty for imperial and objective judgment, and the love of peace and order which distinguished their great master. The accomplishment of constitutional government in Canada is of a piece with the

reorganization of India, which Dalhousie superintended, the revolution in commercial theory and practice, secured by Peel himself, and the beginning of scientific administration in Ireland, made by Gladstone. Although they never used the name, these men formed such a liberal-conservative party in England as Bismarck created for his work in Germany, as Macdonald found essential for Canada; in other words, they struck a happy average between routine administration and the excitement of reform.

Elgin had already won his spurs; and if he added little to Metcalfe's beneficent labours, he was able to boast that his rule in Jamaica had been one of considerable social progress. He had other recommendations. He was a Scotsman, coming to a colony where the name of Bruce awakened memories of Scottish glory; and once at least, in 1849, he found the adage 'Highlanders, shoulder to shoulder' operate in his favour among his fellow-countrymen in Glengarry. He was also the husband of the daughter of the man who had reawakened hopes of popular control in Canada; and the name of Durham was a personal link between him and the reformers, who looked to Durham as their first real friend in high quarters.

## Problems to be Faced

When the new governor arrived at Montreal on January 29, 1847, it was soon apparent that all his peaceful energies would be called into active service. In the interregnum Cathcart had held office, appointed to face a crisis in Anglo-American relations in which it seemed desirable to vest supreme civil and military authority in the same hands. The crisis being over, he had, perhaps most wisely, followed a policy of inactivity. Such a policy, however, his ministers found it impossible to imitate. The Metcalfe struggle was still a matter of living politics. Draper's cabinet was both feeble and divided, and the fact was now fairly obvious that the majority in the lower house did not represent the feeling in the country. Apart from the actual weakness of the ministry, there were many awkward political facts which

Elgin must face and solve. It was still true that the lines of party distinctions concerned, not alternative policies on the basis of an accepted constitution, but the actual character of central constitutional principles; so that a party defeat savoured of a general revolution, and the reform party might be accused of subverting the commonwealth. Conservatives still formed the party of British domination, and reform had an aspect in which it seemed over friendly to the French. The small numbers and petty issues of the two houses gave government a personal and irritable temper, and the struggle for existence, which kept many sound men fast bound to farm or office, tended to throw politics into the hands of 'land-jobbers, swindlers, young men who wish to make a name when starting into life.'

There were many vexed questions waiting for solution, chief among them the clergy reserves, which had awakened into vigorous life during the session of 1846, and government had neither a policy nor a secure majority. Even imperial events seemed to be bearing down on Canada to effect her destruction, for 1846 had been the year of Peel's commercial revolution, and Canada had paid more dearly than any other part of the Empire for the triumph of free trade. The same year, too, saw the lowest depths in misery yet reached in Ireland, and squalid masses of immigrants, poverty-stricken, tainted with disease, and full of hatred against the land which seemed to be driving them from home, were pouring into Canada, and at once straining the resources of Canadian administration and kindling feelings of resentment against England.

It was impossible to do more than just hold ground. Early in the year overtures had been made to the French, but Morin had declined Elgin's advance, and Taché assured him that he had found no disposition among his countrymen to ally themselves with the ministry. A reorganization of the cabinet, in which the most notable changes were the retirement of Draper and the entrance of John A. Macdonald into office as receiver-general, enabled them to face parliament on June 2; but the speech, which hinted and suggested without giving any definite promise of a programme, revealed

the poverty, in ideas and strength, of the tory government. The opposition, advancing to the attack under cover of Durham's name, moved for more legislative activity, suggesting education and municipal reorganization as fit subjects for attention ; but they were still too weak in the lower house, and the government triumphed, even if only by two votes. As late as June 28 Elgin believed that, if the party remained loyal, they might hold their own, but party loyalty and public support were both absent. On July 28 the house was prorogued ; on December 6 it was dissolved, and the government went to the country, knowing that defeat lay in store for it. Before the tory ascendancy vanished the ministry had attempted, by compromise, to save something for their educational policy ; only to be defeated by the obstinacy of the Bishop of Toronto.

The new year opened with a great political change. The election had gone hopelessly against the government. Even in Upper Canada they were in a minority of twenty and the French formed a solid phalanx in opposition. From the imperial point of view it seemed ominous that Papineau, the centre of French disaffection, should once more have entered politics, and been elected ; still more so that, to the still inexperienced judgment of the governor-general, the French had not yet distinctly enough declared their alienation from him.

### A Turning-point in Canadian History

Had Elgin really known it, matters were in train for one of the most beneficial changes in Canadian history. The fate of the ministry was quickly settled. Their candidate for the speakership, MacNab, was defeated by fifty-four votes to nineteen. Morin, the opposition nominee, took his place, and the inevitable vote of no-confidence, proposed on March 3, was carried by a majority of thirty-four. Prorogation came at the end of March, and the new administration, led by La Fontaine, Baldwin and Hincks, promised when next they met parliament a livelier programme for ' developing the resources of the provinces, and promoting the social well-being of the inhabitants.'

It was a turning-point in Canadian history, the peaceful establishment of absolutely popular government. A ministry, backed by the whole strength of a previous governor, and with the prestige attaching to the claim of unquestioned loyalty, had appealed to the country, had failed, and their successors, chosen without reserve or check from a party which, only a short time previously, had been called disloyal, were accepted by the representative of British authority on the sole ground of their approval by the people.

But the second La Fontaine-Baldwin administration had another noteworthy characteristic. Previously there had been little solidity or permanence about Canadian party politics. Reformers, eager for definite reforms but failing in the conception of organic progress, had fought heedlessly for their ends, and flung away the chances of permanent influence to catch some passing good. Ultras, on the tory side, had translated imperial unity into terms of their own sordid prejudices, and risked rebellion to gain a brief and accidental authority. On neither side had 'the carrying on of the Queen's government' been the first ideal. It was to be the work of La Fontaine and Baldwin to make administration, varied and assisted by necessary reform, the first call on government. The term 'Liberal-Conservative' has been definitely appropriated by a later government; but all the essentials of liberal-conservatism, its solid legislative advances, its desire for the development of Canada, its union of British and French, and its stretching out after new triumphs of interprovincial co-operation, were present in the ministry which, with certain drastic changes, lasted from 1848 until Elgin received their resignation in September 1854.[1]

[1] In this and subsequent pages I have ventured to use the term *liberal-conservative* in a sense differing from that recognized in ordinary Canadian politics. One party in the Dominion has appropriated a name which, strictly used, should apply to the union of factions before and after Confederation. But this seems to me too meagre and local an interpretation of the word; for, as is explained later in the chapter, it was *liberal-conservatism*, *i.e.* the subordination of party divisions to national ends, and the elevation of administrative above purely political ideas, which enabled Peel, Bismarck and Cavour to achieve the triumphs associated with their names. In this sense liberal-conservatism is a method of government rather than a party nickname; in Canada both Sir John A. Macdonald and Sir Wilfrid Laurier present notable examples of liberal-conservative leaders.

For the moment, however, the centre of importance seemed about to move elsewhere. It was the year of European revolution, when even English stability was feeling the strain of popular demands. Ireland, too, broken with famine and decimated through emigration, seemed about to ruin herself finally in a fierce challenge to English authority. In Canada, while politically there was merely sporadic disaffection, the commercial conditions made directly for a movement of separation from Britain and annexation to the United States. Since 1846 the British connection had meant commercial loss to Canada, although the new freedom for importation into Canada, which 1848 brought, must effect some relief. The most obvious cure for the commercial ills seemed to be a simple transference of allegiance to the country the tariff of which was the chief stumbling-block in the way of Canadian prosperity.

Of the three dangers two happily came to nought. The revolutionary storm spent its force without reaching Canada. A reform ministry was in power, and men saw their hopes about to be realized in peace. It was not worth even a riot to hasten that which time was sure to bring. Throughout the year French feeling moderated, and in La Fontaine it found an exponent not merely of great weight and dignity, but endowed with an admirable moderation ; and if ever there had been anything in the nationalist cry, the grotesque and foolish parodies of it, which Papineau published or declaimed from time to time, reduced that aspect of disaffection to a negligible quantity. It took personalities like that of Mazzini, grievances like those of Ireland, to make the national ideas concrete and effectual. French Canada was now without the grievances, and La Fontaine, not Papineau, was the true national leader. So the year passed without its French-Canadian rebellion ; and Irish discontent fared no better. Rumours of general risings to be, passed over to Canada ; the Irish-American party faction in the United States could be heard, if not felt, and malcontents whispered that ' an American general lately returned from Mexico, was engaged to take command, presumably in Canada, when the proper time came.' But there was too little reality in the

agitation, and it passed. It was otherwise, however, with the annexation movement, and not until reciprocity brought to the Canadian merchant the prosperity he looked for, did annexation pass from among the irritating issues in Canadian politics. A great commercial revolution had been accomplished, not without haltings and inconsistencies; revolutions, no matter how beneficent, always claim their victims, and Canada was paying for the policy that Peel had introduced for the benefit of England. 'I care not,' wrote Elgin, 'whether you be a Protectionist or a Free Trader; it is the inconsistency of the imperial legislation, and not the adoption of one policy rather than another, which is the bane of the colonies.'

And so a fateful year in the world's history drew to its close: with little real political discontent in the province; with a government promising great things for the future; and with a governor-general, not merely soundly constitutionalist, but sure that if one thing had guaranteed Canadian peace more than another, it was the unreserved confidence which he had given to a ministry approved alike by French and British.

With 1849 it might seem as though Canada had passed at last into smooth water. The La Fontaine-Baldwin ministry had now settled to their work. In his speech at the opening of parliament Lord Elgin promised a year fruitful in reform. The last fragments of former discontent were to be lost in an act of mercy towards all who were still suffering from penal consequences of the Rebellion. The houses were recommended to consider legislation on the judicature of the province and its municipal institutions. Immigration was to be regulated, a university bill introduced to rectify previous mistakes, and a financial provision made in support of the common schools. When prorogation came in June the deputy-governor could congratulate parliament on 'the many important measures which you have been able to perfect,' and even a visionary grumbler like William Hamilton Merritt could record in his journal that parliament had been prorogued 'after a session of unusual and singular productiveness of new acts.' Among the measures to which the

royal assent was given were a University Bill, a Municipal Corporations Bill for Upper Canada, and one for the more effectual administration of justice in the Court of Chancery in Upper Canada.

### The Rebellion Losses Bill

But, by a freakish irony of fate, this year of solid government—the most notable since the great session of 1841—is known chiefly as the year of the Rebellion Losses Bill.[1] The matter is important, not in itself, but in its consequences, and as an illustration of the political conditions of the day. It was natural that there should have been destruction of property during the Rebellion; natural, too, that some attempt at compensation should be made; and according to the varieties of loss, so would the justice of the several claims also vary. The simplest came with the wanton destruction by rebels of loyalist property. But what was to be said where, as at the village of St Benoit, property seized, but guaranteed, by the British commander, was destroyed by volunteers as soon as Colborne left the place. The problem was laid before the imperial government early in 1838. In the same year an ordinance authorized the appointment of commissioners to investigate the claims of *certain loyal inhabitants* of Lower Canada—a phrase altered, in the month of March 1838, to *certain inhabitants*. The government in Upper Canada, following suit, sought to compensate its *loyal* subjects. Even when Russell intimated the unwillingness of the British government to pay any indemnity to the provincial treasury, the provincial governments still persisted. Sydenham found, on his arrival in Lower Canada, that Colborne had already awarded £21,000 to claimants; and in Upper Canada new acts not merely set apart £40,000 from the provincial funds, but recognized that claims might arise through 'violence on the part of persons in Her Majesty's service.'

[1] A measure, according to Elgin, 'to which an importance so disproportionate has been attached in the recent history of our affairs, only because the British public bestows no attention upon us, except at seasons of agitation.' Elgin to Grey, October 5, 1852.

The first chapter of events closed when Sydenham ended the operations of the commission, since provincial credit could not face the strain of paying claims. Up to this point the only criticism which suggests itself is that war and revolt bring their necessary consequences with them, and that it is not easy, in restoration, to keep pace with the earlier work of destruction.

The second stage was reached when Metcalfe, in answer to certain claims from Huntingdon, Lower Canada, suggested a general review of the situation followed by final settlement. This his parliament planned to accomplish in a series of acts, appropriating the duties on tavern licences to the purpose of compensation in Lower Canada, and the proceeds of the Marriage Licence Fund to those in Upper Canada. The commissioners entrusted with the inquiry were first instructed to classify carefully the cases of those who were, and of those who were not, engaged in the Rebellion; and then, in a sentence which became notorious, they were told, 'It is not His Excellency's intention that you should be guided *by any other description of evidence than that furnished by the sentences of the courts of law.*' In their report the commissioners included 2176 claims, in all amounting to £241,965, 10s. 5d.; but they were of opinion that £100,000 would meet all real losses.

Then came the crisis under Elgin. Metcalfe had, for practical purposes, pledged his successor's support to the project; and even if he had not, La Fontaine made it plain that refusal to support some measure of compensation would probably break up a ministry which had been the choice of the people and of their representatives. Yet the compensation about to be secured to French Canadians, many of whom had been actively or passively in revolt against England, roused afresh the old loyalty cry, and irritated racial prejudice into vigorous life. The tory 'die-hards' in Canada and in Britain, politicians who regarded concessions to the French as a kind of treason, at once became vocal. But, in spite of criticism from the party of British ascendancy in Canada, and from statesmen in Britain, who were ignorant of the actual facts, it is difficult to see how Elgin could have acted

otherwise, even had he been opposed to the measure. The majorities, too, in the House of Assembly never fell below twenty, and the measure finally passed by forty-seven votes to eighteen. Nor must it be supposed that the majority was French as opposed to British. As Elgin pointed out, there was a majority for the bill, not merely among the British members for Lower Canada, but even in Upper Canada. In other words, assent was asked to a bill approved, as few other bills had been, by the representative opinion of both French and English. The bill passed in the lower house on March 9; on April 25 the governor-general was insulted as he came from meeting his parliament, the House of Parliament was set on fire, mob law prevailed in Montreal, and on April 30 Elgin was once more insulted and the safety of his person endangered by another mob attack, the mob throughout the incident being reinforced by citizens of better standing. The natural conclusion was reached when, in November, Elgin had to report a change in the seat of government, since Montreal had proved itself unsuitable for the purpose. Apart from the exciting details of the outrage, two aspects of the incident concern the political history of Canada: the behaviour of the governor-general and the revelation made through it of Canadian party spirit.

Of Elgin's calm wisdom there can now be no doubt. Indeed, it is impossible to trace a single error in his conduct. He judged aright that his predecessor and his ministers left him no option in the matter. His only alternative was to reserve the bill, but, as he pointed out, in words not without their heroic touch: 'I considered, therefore, that by reserving the Bill, I should only cast on Her Majesty, and Her Majesty's advisers, a responsibility which ought, in the first instance, at least, to rest on my own shoulders, and that I should awaken in the minds of the people at large, even of those who were indifferent or hostile to the Bill, doubts as to the sincerity with which it was intended that constitutional government should be carried on in Canada.' Happier than his father-in-law, he found a response in Britain, and although Gladstone in the Commons and Brougham among the Peers led a fierce attack on awarding compensation to

'persons engaged in, or having aided or abetted the Rebellion,' their criticism was more than balanced by one of Peel's stately and judicial utterances, congratulating Elgin on his firmness, resolution and impartiality, and urging that nothing be done to reawaken feuds and racial distinctions. Enemies taunted the governor with his pusillanimous refusal to enter Montreal after the second insult; but only to give him an opportunity to reveal himself at his very best, for he quoted Wellington's words in 1830: 'I would have gone if the law had been equal to protect me, but that was not the case,' and he preferred the misreading of his motives to 'possible bloodshed and a conflict between races.' He had faced the crisis, and had come out more than conqueror.

But there is a political interest as well as a personal. It may be questioned whether anything did more, on the one hand, to bring the French populace and the Canadian government into absolutely sound and friendly relations, and, on the other, to discredit tory ultras. In truth 1849 was a fatal year for the latter party. Born into the possession of unjust privilege and petty prejudice, governing in the narrowest spirit of caste feeling, incapable of any larger view of union, in which British and French might seem one, the tories of the older school were at last to reduce themselves to absurdity and nonentity. It had become apparent that they were the party of law and order only when law secured their privileges and order meant acquiescence in their claims; and that their imperialistic sympathies faded and died when they could no longer dictate what the imperial policy should be. The gallant protectors of British ascendancy over French intrigues in 1837 found themselves, in 1849, traitors as militant as any of their quondam opponents. It is significant, too, that when the annexationists made their boldest bid for power, at the end of the year, tory politicians and merchants found themselves hand in glove with radical malcontents in calling for a breach with that empire of which they had once regarded themselves as a forlorn remnant of defenders.

### A Constructive Statesman

The year, then, of the Rebellion Losses Bill marks the decease of ancient and unreasoning toryism ; and it became possible for John A. Macdonald to plan a reconstructed conservative party on more general lines. It is this change in party relations which gives its importance to the foundation of two organizations towards the end of the year. In December the Annexation Association, which was formed out of a curious blend of genuine sympathizers with the United States, and tories alienated partly by Elgin's support to their opponents, partly by British commercial injury to Canada, issued an address to the people of Canada, in which the remedy prescribed for all their woes was ' a friendly and peaceful separation from British connection, and a Union upon equitable terms with the great North American Confederacy of Sovereign States.' The movement was confined mainly to Montreal, but it found sympathizers here and there throughout Canada, and the nature of its programme made it seem something far more formidable than was suggested by the number of its adherents. It was in answer to this seemingly fatal stroke at ancient tory policy and prestige that Macdonald began his work of conservative reconstruction, by suggesting, in opposition, a British American League, which should divert the existing feelings into less dangerous channels. With the genius for expedients which was to distinguish that great constructive statesman, Macdonald, not satisfied with a tame assertion of loyalty to Britain, brought forward the idea of which he became the most potent exponent, Federal Union. His hand framed the address of 1850, in which were the significant words :

> To urge our legislature by petition to pass an address to our gracious sovereign, and both Houses of Parliament, praying them to authorize by an Act, the people to whom they profess to have already granted self-government, to hold a general Convention of Delegates for the purpose of considering and preparing a constitution for the government of this province, and with

power to act in concert with delegates from such of the other British provinces in North America as may be desirous to form a federal Canada.

It was perhaps natural that Elgin should feel coolly towards any idea recommended by a party which had insulted him signally and persistently, and towards any individual associated with that party ; but had he only known it, Macdonald was of all Canadians the man best fitted to carry on the governor's policy of conciliation towards irritated interests and personages, and to develop the constitutionalism which had now been connected with its issue, Confederation.

But already we have entered a new year, 1850, in which the ministry was to add to its legislative prestige. The parliamentary session lasted from May 14 to August 10. At its commencement the governor-general had many proposals to make. He was able to assure Canadians that their navigation would now be free from the old laws ; he suggested the need of modifying commercial relations between Canada and the United States, and between the separate British North American provinces. Parliament was directed to look to its own constitution, and the reorganization of justice in the province was not to rest after its labours of the preceding year. Even although much of this programme was merely pious aspiration, the session saw many useful acts passed, including the extension to Lower Canada of the municipal reforms effected in Upper Canada, and the sanctioning of railway and road construction enterprises.

## The Clergy Reserves

But again, as in 1849, one measure claims an absolute preponderance of interest, not merely on its own merits, but because of its influence on general politics—the question of the clergy reserves. It will be necessary to retrace our steps to the administration of Lord Sydenham. Sydenham had never concealed from himself the fact that in the settlement of this vexed question lay as much difficulty as in the effecting of the Union itself. Indeed, in one place he refers to it as ' of more importance than ten unions.'

He had probably few greater triumphs than when he induced the legislature to pass a measure of which James H. Price, commissioner of Crown Lands, could say with perfect truth, in 1846: 'Although three-quarters of the people believed that arrangement was made in injustice and partiality, they quietly submitted as the only means of restoring peace to the land.' The basis of his legislation lay in the decisive utterance of the English judges: in the first place 'that the clergy of the Established Church of Scotland constituted one instance of clergy, according to the original act, other than those of the Church of England'; in the second place, that they 'did not intend that, besides that Church, the ministers of other churches may not be included under the term "Protestant Clergy"'; and in the third place, that 'there was no express authority reserved by that Act to the Colonial Legislature to repeal the provisions of such latter statute.' Accepting the correction of the judges on this last point, Sydenham, who thoroughly believed in the retention, for the churches, of the clergy reserves provision, secured both imperial and provincial legislation, ending the creation of fresh reserves, dividing the proceeds of past sales between the Churches of England and of Scotland, and securing the proceeds of future sales to the Churches of Canada, roughly in proportion to their numbers and importance. Moderate men breathed freely when they thought that a main cause of friction had been removed from political life.

But two forces prevented perfect conciliation. In 1843 Scottish Presbyterianism was shaken to its basis by the great Free Church schism, and while the characteristic state and church doctrines of the Free Church leaders were not of a purely voluntary description, the state connection suffered a rude shock, and Scotsmen in Canada, as at home, assumed an attitude of bitter hostility towards 'the Establishment.' It so happened that the sudden growth of Scottish voluntaryism in Canada coincided with the arrival of one peculiarly well fitted to conduct an agitation on the subject. For, in August 1843, George Brown began his work in Canadian journalism, first in the *Banner*; then, in 1844, in the more famous *Globe*. Brown's political qualities will be more fitly

characterized at a later stage. Meantime it may suffice to say that he had brought with him from Scotland more than his share of Scottish middle-class Puritanism and of Scottish political dialectic. If he often erred in dealing too largely in what Burke called 'metaphysics,' it was a fault rare enough among his fellow-politicians to be regarded almost as a virtue in him. The clergy reserves question, then, had found its *advocatus diaboli.*

But there was a second and more efficient cause, the character of the Bishop of Toronto. Few figures bulk so largely as does Strachan's in modern Canadian history in comparison with their real ability. Born of a rude stock, and carrying with him to the grave the aggressive and unconciliatory temper of his Aberdonian ancestors, Strachan was the evil genius of church life in Canada. Of his energy and courage there can be no doubt; but he possessed few of the qualities usually recognized as Christian. The financial episode alluded to under Sydenham's régime reveals a curious moral bluntness—even obliquity; and his successive statements of the numbers and nature of Canadian sects give but a poor impression of his truthfulness. He had changed religion into ecclesiasticism, and thought any trickery or intrigue sanctified if only it sought an ecclesiastical end.

Sydenham, Bagot, and now Elgin, all record in their private correspondence the irritation and dislike which Strachan's bustling and misguided energy created in their minds. And now this headlong folly was to meet with its due retribution. Metcalfe's last parliament had had the old question forced upon it by ecclesiastical petitions, seeking to obtain not simply the annual moneys granted under the act, but control of that which produced the income. A committee of the house, of which Sherwood was the leading spirit, reported on April 17, and although the objects sought by the churchmen were denied them on May 22, the fact remained that, at the very time when the populace—more especially in its Scottish sections—might be counted on as hostile, the whole question of secularization was once more likely to enter practical politics. When the move was made

in 1846 to obtain 'a new Act of the Imperial Parliament, authorizing a division of the land itself, instead of the income arising from the proceeds, among the religious bodies,' Baldwin, than whom the Church of England had no more faithful friend, prophesied 'that if the question be reopened, the former fierce agitation will be resumed, and may end in the total discomfiture of the Church.' By 1850 his prophecy had been fulfilled, and it seemed unlikely that the secularists would be content with anything but absolute victory. At least the numbers of the churches concerned suggested this conclusion, for while the Church of England possessed some twenty thousand of a majority over any other sect, Presbyterians and Methodists were each of them two hundred thousand strong, and there were Anglicans in direct revolt against their leader. Faced with popular defeat in the province, it had always been Strachan's habit to go behind local opinion and to work the oracle in Britain. But while such tampering with constitutional government might delay the natural conclusion of events for a season, it was certain to result in a more complete disaster, apart from the incidental evils it produced. 'It is an evil of no small magnitude,' wrote Elgin on this point, 'that . . . its friends are tempted rather to endeavour to influence opinion in England, than to resort to measures which may strengthen their position in the Colony.'

But trouble was brewing for others besides the Bishop of Toronto. The ministry found itself in a curious dilemma. Its leading members assumed an admirably constitutional and moderate position. The Imperial Act of 1840 seemed to them the true basis for future church and state relations. Baldwin was a sincerely devout believer in a measure of state support for religion; La Fontaine could not well be otherwise; and, whether through the influence of his advisers, or because their views expressed his own, Elgin took up a similar position.

But many of the supporters of government were rabid secularizers, and they had not merely the logic of the situation on their side, but they had, in George Brown, an advocate whose power of vehement advocacy was equalled only by his

gift of trenchant criticism. Originally Brown had no intention of identifying himself with the discontented fragments of extreme reform to which the name 'Clear Grit' was now being given. As late as October 1850 he talked of 'Clear Grits' comprising 'disappointed ministerialists, ultra English radicals, Republicans and Annexationists. . . . As a party on their own footing they are powerless except to do mischief.' But events were driving him into an opposition to the ministry even more extreme than that of the 'Clear Grits.' As the session of 1850 proceeded, the support given to the ministry by the *Globe* began to waver. The centre of danger seemed to be with the French, and Brown, who thought that separation from the French was the inevitable fate of the radicals, hoped that state connection with religion might be the separating issue. What he dreaded most was a political reconstruction, in which 'moderate reformers, moderate conservatives, and moderate Canadians' might combine to exclude the changes for which he had hoped. Should Brown separate himself from his party, it might prove difficult for the La Fontaine-Baldwin ministry to maintain its position against a combination of the various factions.

Another circumstance perplexed ministerial action. Whatever the provincial parliament might do, its hands were tied by the necessity of preliminary imperial legislation. Now, while Lord John Russell's ministry, with Grey at the Colonial Office, might be trusted to look favourably on change, their position was by no means secure from defeat, and, in any case, as the movement for disestablishment of the Irish Church was to prove, the House of Lords was the last stronghold of keen church feeling. As Hincks pointed out at a later stage, even if secularization were decisively accepted in Canada, it might be necessary to disguise the end they sought, when British legislation was called in.

As it was, the question, left an open one, was raised by Price in a motion which alluded to 'the intense dissatisfaction of the great majority of Her Majesty's subjects in Upper Canada'; and the essence of his case was contained in the motion of June 21: 'That this House is of opinion that no Religious denomination can be held to have such vested

interest in the revenue derived from the proceeds of the said Clergy Reserves, as should prevent further legislation with reference to the disposal of them, but this House is nevertheless of opinion that the claims of existing incumbents should be treated in the most liberal manner.'

In the debate, which was conducted with very praiseworthy dignity, it was La Fontaine who made the most notable contribution to the subject. Averse himself to any policy of secularization, fair-minded enough to see the case for all the different contending bodies, he stated his conviction that the objects of the Constitutional Act must not be rescinded, that the property should be divided amongst all Protestant denominations, that the division should be an equal division, and that 'the present division of the Revenues is unequal, unjust, and not in accordance with the opinion of the law officers of the Crown.' Baldwin, too, spoke in similar vein, declaring that the revenues should be applied to purposes contemplated by the statute as nearly as possible; and all knew that Elgin's views were on this point those of his ministers. The appeal to the imperial authority was carried, but the house divided, thirty-six for and thirty-four against the address, and among the minority were La Fontaine and other French-Canadian supporters of the government.

It may be well to trace the matter to its end. Already it had discredited one party with the populace in Upper Canada, and had been one of the most active forces making for the Rebellion. Even as it ended, it was to pull down with it the government which gave it a final settlement. From 1850 onwards La Fontaine and the moderate French opinion could rank merely as lukewarm in support; and on the other side Brown and the 'Clear Grits' grew fiercer and more impetuous in their attack. Both in the house and through the columns of the *Globe* Brown directed a constant stream of bitter comment against the moderatism of the ministry; and it became apparent that if only MacNab and the tories could join in factious union with Brown and the radicals—at a sacrifice of principle, justifiable in their eyes as the means of wrecking the ministry—the end might come at any time. When Hincks formed his ministry in 1851, it was on the basis of

secularization as a cabinet issue, the only question being that of fitness in the occasion. But again events proved wayward.

The following year found Russell out of power, and Derby, a true church and state man, in. In spite of representations from Canada, and from Hincks, who was at the time in England, the English government refused to move. It was useless, as it was only too easy, to prove that 'the opinions of the mass of the people have never wavered during the last twenty-five years.' The high and dry conservatism of Derby's government, whether worked on from Toronto or not, had a profound distrust of colonial sentiment. 'They could only regard,' wrote Pakington to Elgin, 'any measure which would place it in the power of an accidental majority of the Colonial Assembly, however small, to divert for ever from its sacred object [the Clergy Reserves fund] with the most serious doubt and hesitation.' In answer to British opposition Hincks proposed his six resolutions in September 1852 ; and, fortunately, as well for the British connection as for the peace of Canada, the end of the year saw Derby once more out of power, and an Aberdeen ministry, in harmony with Elgin and Grey's more progressive policy in colonial matters, ready to co-operate in a solution.

On December 28, 1852, Newcastle intimated his appointment as secretary of state for the Colonies. On January 15, 1853, he announced the intention of government to give the colonial legislature a free hand ; and on March 24 he dispatched a copy of the bill, which by that time had passed its second reading by a large majority. A few days earlier the Bishop of Toronto had achieved pathos in a letter to the secretary, being willing, he said, 'to avert, with the sacrifice of my life, the calamities, which the passing of your Bill will bring upon the Church in Canada.'

It must have given at least partial satisfaction to the bishop when the clergy reserves question, *in extremis*, contrived to wreck the great reform ministry which had held rule so long. But that is to anticipate events. The satisfactory conclusion was reached when Elgin, in his very latest dispatch, reported the passage of the bill which finally secularized the reserves by great majorities in either house. The

student of history closes the record with many reflections, among others that pugnacious ecclesiastics are doubtful gifts to any nation, and that religion may not seek support save in the willing hearts and generous impulses of those who truly believe its doctrines and follow its precepts.

### Political Combinations and Permutations

It is now time to return to the fortunes of the La Fontaine ministry, at the close of the parliamentary session in 1850. They had had other troubles besides those introduced by the clergy reserves question. In spite of the difficult position with regard to the British connection in Canada, British politicians, and among them, unfortunately, Lord John Russell, insisted on speaking as though separation were an inevitable fate, and Britain coolly prepared for the catastrophe. Baldwin, whose loyalty was as steady as it was quiet, felt the unwisdom of Russell's speech acutely, and Elgin bluntly told the colonial secretary that he must renounce the habit of telling the colonies that the colonial is a provisional existence. Later in the year Merritt, who had accepted office, resigned, on the score of economy. A cry had arisen for retrenchment, and although a large and various committee had frittered away its time in making useless suggestions, and although the ministers saw clearly that the possibilities of reduction were very limited, Merritt, who had an irritable conscience on the matter, and a gift for impracticable ideas, decided to clear himself from the responsibility of extravagance by retirement.

Meanwhile parties and groups were exhibiting themselves in strange combinations and profitless freaks. Enough has been said already of the annexationist section and the British American League. Besides these there was Papineau, playing the ineffectual revolutionist in company with his four or five *rouges*, and MacNab, whom not even the Montreal riots had calmed down into decent conservatism. The truth was that Canada had not yet learned the methods of conducting a true opposition, and ministerial strength produced as its natural result inconsistency and lack of principle in the

opposition. How little reality the various opposing fragments possessed is revealed by such facts as, that the *Independent*, the only annexationist paper in Upper Canada, died in April ' of inanition ' ; that at the end of the parliamentary session MacNab made approaches to the governor-general, whom he and his paper, the Hamilton *Spectator*, had previously been interested in abusing ; and that in January 1852, *L'Avenir*, the journal through which Papineau expressed his views, found the same fate as the *Independent*.

Nevertheless the position of the ministry was no longer what it had been. Brown's accumulating hostility was breaking up the solidarity of reform in Upper Canada, and, by connecting violent anti-Roman views with radicalism, was beginning to endanger the connection between French and British. Here, in fact, lay the most dangerous element in the situation ; and Elgin must receive credit for being the first to notice it. Aware, as he could not but be, that his impartiality and the solid wisdom of Baldwin and La Fontaine had done much to give the French section their natural place in politics, he saw that the French were naturally conservative in their outlook, and that the British Reform party, with which La Fontaine had co-operated since Union, was, under the influence of Brown and the ' Clear Grits,' changing its tone. ' If Clear-Gritism absorbs all lines of Upper Canadian liberalism,' wrote Elgin, more than a year before Macdonald understood what his new policy must be, ' the French, unless some interference from without checks the natural current of events, will fall off from them, and form an alliance with the Upper Canadian Tories.' The main political interest, then, lies in tracing the decline and fall of the reform party to the point at which a new force, liberal-conservatism, takes over its duties.

## The Fall of the Reform Party

In 1851 another step was taken towards dissolution, for the course of the year brought with it the transformation of the ministry. The commercial strain was no longer acute, and Hincks, speaking of financial conditions, was able to

dwell on the great prosperity which prevailed throughout the country, and the increase in imports since 1848. The legislative programme was no less ambitious than in former years, and the railway movement found eager support in the government. But the leaders had become restless in office. La Fontaine, as has been seen, was out of touch with Upper Canadian sentiment concerning the clergy reserves, and the rectification of seigneurial tenure opened fresh grounds for disquiet in his mind. He was a whig, in days when reformers were passing into radicalism. But Baldwin was the first to leave. Baldwin, whom the governor recognized as the most conservative man in the province and 'worth three regiments to the British connexion,' found himself equally out of touch with the reform feeling, and when William Lyon Mackenzie, whose fervours were once more permitted to express themselves in parliament, precipitated a crisis in a vote for the abolition of that Court of Chancery which Baldwin had done his best to reform, and when Baldwin's position was saved only through the votes of Lower Canada, the minister's resignation followed within a week. The following general election saw him ousted from parliament, and so there passed from public life a man of noble character, strenuous political principle, and solid practical wisdom, the most admirable public character up to that point produced in Canada. In the autumn La Fontaine followed his old comrade-in-arms, and by the end of October the new Hincks-Morin administration was complete—a second edition of the earlier cabinet, with the best financier in Canada at its head, and an amount of practical ability at its command probably superior to that of any earlier government.

Yet when parliament was dissolved on November 1, and the ministry went to the polls with a fair assurance of victory, it was still true that things had changed for the worse. George Brown redoubled his strokes. It was too apparent, he said, that Hincks and his colleagues had surrendered to the French, and he asked whether any intelligent reformer of Upper Canada could read through the list of the new ministry, and honestly say that it presented the slightest hope of a policy different from that of its predecessor.

The attack was doubly unfortunate because, in spite of Brown's suspicions, there was a change, and that change made the French alliance more difficult. Along with other reforms the ministry stood pledged to a policy of secularizing the clergy reserves—the very point which had disquieted moderates like La Fontaine. Among the new ministers, men like Rolph and Malcolm Cameron represented a very different type of politician from those of Baldwin's choice, and as Clear-Gritism entered, no matter how modified in its expression, French-Canadian sympathy must grow cool. And, with all the other considerations, there was the lessened confidence of the public in the new leader; for Hincks was neither Baldwin nor La Fontaine, men firmly trusted even by those who opposed them. It was already whispered that there was a sound financial basis for his friendship with Elgin, and that he was too good a business man to let scruples of office and leadership hinder him from seizing opportunities for private profit. For the present, however, success attended their efforts. After an election, in which Elgin could flatter himself that there were few treasonous suggestions of separation and little foolish radical talk, the ministerialists found themselves with a clear majority over all other sections, and the tories had to admit the loss of men like Henry Sherwood, John Hillyard Cameron, and William Cayley. But George Brown was now member for Lambton, and the ministers could look forward to a vocal session.

The main movement in politics—the fate of the administration—becomes from this moment of so absorbing interest that it is necessary to exclude from view other subordinate issues. It may, however, be mentioned that during 1852 Derby's government held office in England, a fact by no means favourable to the Canadian ministry; that in September of the same year Hincks defined the government attitude towards the clergy reserves; and that the session, which lasted, with an adjournment, from August 19, 1852, to June 14, 1853, was perhaps the most fruitful of acts of any since the provinces had united, including among its labours an act for the increase in the number of representatives in the lower house, a redistribution act, to come into operation

in 1855, an address to obtain freedom for an elective upper chamber, and a bill on seigneurial tenure, rejected, however, in the legislative council.

But through all these labours the ministry was weakening in itself and in popular opinion. It had to face Brown's hurricane-like onslaught on the address, not the less damaging even although Brown was not yet prepared to vote for the opposition. The railway policy of the ministry was meeting with rude checks, and the line from Halifax to Quebec, which had occupied so much of its energies, was as much an event of the future as ever. Month after month the complicated private financial transactions of Hincks were involving him in a network of popular suspicions. At the beginning of 1853 the domain farm of the seigniory of Lauzon was purchased by joint owners, of whom he was one. In April shares in the Grand Trunk Railway were allotted to him under circumstances which certainly required explanation. Towards the end of the year there were rumours that the minister had introduced legislation for the improvement of the Ottawa, at a locality in which he had an interest, and there were other accusations of a similarly damaging character. The importance of these in discrediting the government may be gauged by the report of the select committee of 1855, which, while it exonerated Hincks absolutely from the charges, raised the question

> whether it is beneficial to the due administration of the affairs of this country, for the ministers to purchase public lands sold at public competition, and municipal debentures, also offered in open market or otherwise ;— and lastly, whether it would be advisable to increase the salaries of the Members of the Executive Council to such a figure as would relieve them from the necessity of engaging in private dealings to enable them to support their families and maintain the dignity of their position, without resorting to any kind of business transactions, while in the service of the Crown.

The conduct of the attack on the clergy reserves brought only additional weakness. As has been shown, the hands of the Canadian government were tied by the action of Britain

during 1852, and then, when in 1853 news came of the Imperial Act, it did not seem right either to Elgin or to his ministers to complete legislation on so vexed a question until the new machinery of government had been brought into operation. A failing ministry is certain to find new occasions for discredit, and now chance co-operated with more normal factors.

Gavazzi, an Italian enthusiast, with that unfortunate desire to expose the evils of a church in which he had previously served which has always proved so fruitful a source of trouble, arrived in Canada in June 1853, prepared to expose what his class terms 'the errors of Rome.' The natural consequences followed. First at Quebec and then at Montreal there were furious riots, and at Montreal shots were fired at the crowd. Occasion was at once taken by Brown and his anti-Romanist following to describe the incident as one of 'awful murders' and 'Roman Catholic violence.' When Hincks, for reasons which may only be guessed at, protected the Mayor of Montreal, and did not push forward an inquiry into the facts concerning the order to fire which public opinion attributed to the mayor, he was preparing trouble for himself in Upper Canada; and, in any case, the relations between Upper Canadian reform and the French party became more strained than ever. In June the government lost its attorney-general, William Buell Richards, and in September its commissioner of Public Works—the former to the bench, the latter because the free trade principles which he professed were violated by the talk in which the ministry now indulged, of retaliation as a means of securing reciprocity with the United States.

The end came in 1854. Broken in their credit with the public, drawn towards violent contradictory policies, on the one hand by moderates and French Canadians, on the other by reformers and anti-church men, blasted with the effective rhetoric of Brown and his newspaper, incapable of quick action in the church question, where nothing but quick action would satisfy the radicals, the party deserved to die, and die it did. It had ceased to be capable of real service to Canada, and the happiest fate must be a quick decease.

Brown had now determined to wreck the government, and Macdonald, the power behind the throne among the conservatives, saw his way, through a consolidation of the moderates and an alliance with the French, to a new government. 'I believe,' he wrote in February 1854, 'that there must be a change of ministry after the election, and, from my friendly relations with the French, I am inclined to believe my assistance would be sought.'

The end came more dramatically than was expected. When parliament met on June 13 the ministry were at one with the governor-general as to the procedure they must follow. Two great measures were impending, on the clergy reserves and on seigneurial tenure. The cabinet, and, more decidedly, Elgin himself, argued that, on the threshold of a complete reorganization of the legislative assembly, they could not force on measures so drastic in their operation. Dissolution seemed necessary, but, before dissolution, legislation must be introduced to hasten the changes which at present could not come into operation until 1855. Their policy therefore resolved itself into a combination of delay and haste. The bills must be postponed; parliament must be asked to antedate the new system of registration; and an immediate dissolution must fling the responsibility of further legislation on the revised electorate. Unfortunately for their calculations, the opposition was too strong. After bearing the brunt of an attack on their postponement of the session, the ministry found itself in a minority of twenty-nine votes to forty-two; for an amendment by Louis Victor Sicotte, to a previous amendment by Joseph Edouard Cauchon, expressing regret 'that His Excellency's government do not intend to submit to the legislature during the present session a bill for the immediate settlement of the Clergy Reserves,' enabled all shades of the opposition to unite on the clergy reserves delay. An adjournment, a quickly and secretly planned dissolution, a furious scene in the house, and a constitutional challenge from the speaker on a session barren of even a single legal measure, preceded the summons to hear Elgin's word of dismissal.

In a sense the speaker's criticism was the last stroke

discrediting an already discredited ministry. The election, which found 'Clear Grits' and tories fighting side by side against the government, saw the ministry maintain a gallant fight; but the combination was too strong, and the definitive defeat occurred over the speakership, on September 5. The remainder of a great session belongs to the history of the fortunes of liberal-conservatism.

### Reciprocity with the United States

But before liberal-conservatism came into full power, Elgin had gone. His last year of office had been, perhaps, his most illustrious. Already he had proved himself an infallible constitutionalist. He had wooed and won the French into ways of quiet government and confidence in British administration. He had refused to give way to tory violence, and not a little of the confidence which, even after 1851, the country placed in their government, was due to his astute moderation. He was to complete the tale of a successful rule by bringing to Canada the measure of reciprocity with the United States for which Canadians had so long been calling.

Not slowly, but surely, Elgin had been winning his way into the good graces of the United States. As early as 1849 he had found the republican government willing to protect his province against improper interference along the border-line. In the following year a *rapprochement* between the citizens of Buffalo and Toronto had found Elgin the real centre of attraction. 'By Heaven,' one of the visitors had declared, 'if he were on our side, we 'd make him President.' A year later he had met and dominated, by his diplomatic friendliness, all sections of American society at Boston. And now, during the last months of his tenure of office, he turned all this general popularity to very definite account. Since the commercial revolution in Britain in 1846 the great object before Canadian commerce had been to restore the balance lost through the disappearance of the British preference, and to create freer trafficking with the United States. Reciprocity was mentioned in

Elgin's earliest speech to parliament, and he saw from the first that the cry for annexation, being really commercial and not political, could best be met by gaining without annexation all the fruits which Canadian merchants looked for as the consequences of annexation. The idea had been flung back and forward between the two states in the intervening years.

The Committee on Commerce, in the House of Representatives, had been instructed, as early as December 1846, to inquire into the question. Two years later a bill passed through the House of Representatives only to die a natural death thereafter, and between that date and 1854 the balance swung up and down, the desire to complete negotiations being as absent among the Americans as the power to complete was lacking in Canada. The commercial settlement has been traced elsewhere.[1] The political interest lies in the final proof which it gave of Elgin's diplomatic skill. Happily the story of the whole affair, not too whimsically humorous, remains behind in the writings and letters of that eccentric genius Laurence Oliphant, who served with Elgin throughout the short campaign.

On May 23, 1854, Elgin arrived in New York, and hurried on to Washington. In the next two weeks his assiduous friendliness and seeming absence of reserve had won the democratic votes, which might have wrecked his work; and on June 5 'there was concluded, in exactly a fortnight, a treaty, to negotiate which had taxed the inventive genius of the Foreign Office and all the conventional methods of diplomacy for the previous seven years.' To appraise the value of his labours it is unnecessary to attribute to Elgin any great genius in economic theory, or even to claim unusual subtlety in what Europe called statecraft. But he understood the genius of the people with whom he had to cope; and where his reason refused acquiescence in their political methods, he was courtier enough to seem friendlier even than he was. 'He is the most thorough diplomat possible,' wrote Oliphant with an admiration which was not entirely lacking in wonder, 'never loses sight of his object, and while he is chaffing Yankees, and slapping them on the

[1] See 'Economic History, 1840-1867' in this volume.

back, he is systematically pursuing that object. The consequence is, he is the most popular Englishman that ever visited the United States.'

### The Close of Elgin's Rule

Apart from the few rude moments of party change, the last months of office, from June to December, gave the departing governor a peculiarly benign ending to his strenuous period of rule. His latest report was able to point to progress, alike in commerce, education and general civilization ; and its closing paragraph—a postscript—gave news of the assent of Nova Scotia to the Fishing and Reciprocity Treaty. His last official dispatch announced the settlement of the two outstanding exciting issues, seigneurial tenure and clergy reserves. Before that date he had proved his freedom from personal bias by calling into power a party, many of whom had systematically refused either to call at Government House or to recognize His Excellency in the street. In estimating greatness we are accustomed to consider not merely the man, but the occasion, and to include the grandeur of the whirlwind and the fire in our estimate of the spirit which could direct them. Elgin had nothing in him of this dæmonic and contentious glory. He was a plain man, seeking normal and peaceful ends in a province not yet free from its parochial limitations. On only one occasion, during his time of office, did an opportunity come for what the crowd calls heroism, and Elgin chose then to avoid the glory of resolute folly, and to seek quietness and law and unity instead. They keep the Abbey and St Paul's for the warriors and men of crises ; but the British Empire stands because there have been men wise enough to avoid crises, great enough to prepare a way for democratic triumphs by subordinating their personal energies to suit the public good. Chief among these stands Elgin.

## IV

## LIBERAL-CONSERVATISM AND CONFEDERATION[1]

### A New Political Day Dawns

THE departure of Lord Elgin from Canada was something more than a personal event; it marked the end of one epoch in Canadian parliamentary history, and the beginning of another. Up to 1854 fundamental constitutional questions were still being settled, and parties divided on these questions, in accordance with old prejudices and opinions inherited from Britain. At the same time the governors-general were, even when opposed by public opinion, in every case the foremost figures in politics, and not all the suavity and diplomacy of Elgin could disguise the fact that his influence over his ministers was deeper than even they realized. Canada had been claiming her own, but the men who put the case, for her and against, were Englishmen, not Canadians. After 1854 a very great change occurs; in which the colony furnishes her own governors, and the questions come to be less those of principle than of political expediency. Macdonald, Cartier and Brown take the place of Sydenham and Elgin, and a policy of ways and means—the adjustment of political machinery to suit local needs—takes the place of the struggle, in prin-

[1] As I have chosen in this section to depart from strict chronological order, I have thought it advisable to add the following list of the administrations which held office between September 1854 and July 1867:

MacNab-Morin, September 1854.
MacNab-Taché, January 1855.
Taché-Macdonald, May 1856.
Macdonald-Cartier, November 1857
Brown-Dorion, August 1858.
Macdonald-Cartier, August 1858.
J. S. Macdonald-Sicotte, May 1862.
J. S. Macdonald-Dorion, August 1862.
Taché-Macdonald, March 1864.
Taché-Macdonald-Brown, June 1864.

In June 1866 the Hon. George Brown retired from the administration, without, however, causing any real change of government.

ciple, for responsible government and for free churches in a free state.

The most obvious fact in the years before Confederation is the diminution in importance of the governor-general. Two men, Sir Edmund Head and Lord Monck, held office between 1854 and 1867, their tenure of office extending over a period equivalent to that occupied by their four predecessors combined. Yet they hardly enter parliamentary history except as accessories. It may indeed be a result of their comparative unimportance as individuals. It is strange to find Sydenham's successor addressed, as Monck was by Newcastle (July 10, 1863), in a remonstrance concerning inadequate dispatches: 'If, in the present case, a motion were made in this country for papers relative to events, upon which the Imperial Parliament might justly expect Her Majesty's government to be fully informed, the production of your Lordship's despatches would throw no light upon the subject.' Monck at least was more concerned with questions of diplomacy and defence than with the subtleties of Canadian politics, and was satisfied, as his great predecessors never had been, with leaving ministries to work out their own salvation. But the explanation lies somewhere beyond the mere personal equation. The office itself had become less important with the substantial grant of responsible government.

By far the most notorious example of viceregal interference was Head's treatment of the Brown-Dorion episode in August 1858. In that crisis, in which Head absolutely refused to grant his new first minister, Brown, the privilege of a dissolution, and so wrecked the new-made administration, the governor-general displayed no feebleness of judgment, and the columns of the Toronto *Globe* resounded with charges of dictatorial conduct, and suggested that a second Metcalfe had come to judgment. But, at best, Head was able merely to minimize the disturbance caused by malcontents to the Macdonald-Cartier government, and, after August 6, power passed once more incontrovertibly into the hands of the colonial leaders. Perhaps with injustice, but not without some appearance of justification, Head was

accused of playing the game of the liberal-conservatives. The heroic days of the governor-generalship were over, and new Sydenhams must, like the king's ministers in Britain, accept quietly a diminished glory.

Explanatory of this shrinking in power, the great increase in national spirit, and in the claims made by that spirit for freer play, demands attention. With reciprocity had come prosperity ; with prosperity had come independence, and a great increase in the numbers of the colonists. The population of Upper Canada, which had been 486,055 in 1842, was 1,393,710 in 1861, and the lower province had 1,100,731 in place of 690,496. Education, in the energetic hands of Egerton Ryerson, was playing its part ; every addition to the travelling conveniences of the provinces meant additional political cohesion ; and the central government, now really representative, was quick to feel the change, and to add to its momentum. The strong imperial note in John A. Macdonald's speeches bears witness to the popular movement by its underlying nationalism—it is Canada, no mean national unit, which begins to offer a filial assistance to the mother country.

At times the new spirit seemed about to cause friction with Britain. The refusal to accept the militia improvements of 1862 caused a storm of discontent in Britain, and responsible organs like the *Times* sneered at the pretensions of Canadians, who, in spite of their assertiveness, consented to do nothing when the time came. Developments in tariff policy are dealt with elsewhere,[1] but it is worth notice that the spirit of Canadian nationalism appeared nowhere so conspicuously as in the development of a national economic policy, and nowhere caused stronger feelings of dissent than in the mother country. Indeed, Galt's memorandum of October 25, 1859, is perhaps the firmest statement of independence made by any responsible provincial ministry :

> The government of Canada cannot through those feelings of deference, which they owe to the Imperial authorities, in any measure waive, or diminish the right of the people of Canada to decide for themselves both

[1] See 'Economic History, 1840-1867' in this volume.

> as to the mode and extent to which taxation shall be imposed. . . . The Imperial government are not responsible for the debts and engagements of Canada. They do not maintain its judicial, educational, or civil service. They contribute nothing to the internal government of the country ; and the Provincial Legislature, acting through a ministry directly responsible to it, has to make provision for all these wants. They must necessarily claim and exercise the widest latitude, as to the nature, and the extent of the burdens to be placed upon the industry of the people.

The British people were learning the most difficult of imperial lessons—the price they had to pay for conceding home rule to a colony.

Canada, then, in politics had come to one of the definite crises which all nations who earn legislative independence have to face. In England it had come, after the storm and clamour of the great Rebellion, when a few English statesmen, Shaftesbury foremost among them, realized that battles had passed from the plain to the assembly hall ; that parliamentary tactics were the mode chosen by the new age for political advance ; and that, in future, the evolution of a great party, which might take the place of the declining kingship, meant more for liberty than scores of charters or statutes of liberties. In Canada there had been the Rebellion and the struggle with Metcalfe ; the home rule declarations and democratic practice of Elgin had been their Revolution Settlement. It now remained for the populace to prove that their new independence was something more than mere permission to misgovern themselves.

## Great National Issues

In the thirteen years between Elgin's departure and Confederation, Canadian statesmen had three great political issues to face. First and foremost there was the settlement of party government, on lines which would make it stable and efficient. Up to 1854, even the great Baldwin-La Fontaine ministry had been substantially the stronger for Elgin's

secret counsels and support. Now, party administrations must stand alone—but did parties coherent enough to assume responsibility exist ? And to which of them, if they existed, should the destinies of the country be entrusted ? But the party question carried implicit in it a second difficulty—that of race ; for the Union settlement was already showing signs of possible disruption, and the ministry in power, whatever its denomination, must face the religious and racial irritations which were fast increasing between Upper and Lower Canada. And as party politicians looked for solution of the racial question, they were certain to find, immovably fixed in front of them, the need for some resettlement of the whole constitution. On what lines, and with what scope, the future alone could teach them.

It may be well to know what groups and personalities existed at the beginning of this great transition period, to undertake the work of construction and criticism. Hincks, in a manuscript, has left on record the state of parliament when he fell. He wrote :

> When Parliament met in 1854 I had a large majority of Reformers. The combined Clear Grit and Tory votes were a mere trifle, two or three in excess. We certainly were beaten by a combined party ; first of all the Tories ; second the French *Rouges* ; third the Brown Grits ; fourth the Sandfield Macdonald tail, three in number ; fifth Cauchon and two or three Liberal-Conservatives. . . . The Ministerialist party was the strongest in the House, and strong enough, when beaten, to dictate terms. . . . Out of ten ministers, we had seven, and all our measures were accepted.

Without acquiescing in all these details one may take the summary as generally correct. The minor parties need not cause much delay. Malcontents, who signed their own resignation from influence, by severing themselves from the recognized parties, there always were ; and they were always negligible. Even personalities once so potent in influence as William Lyon Mackenzie and Papineau had already found their power gone through irresponsible political action. A fate, almost equally decisive, awaited the *rouges*. As Elgin

had long since realized, the genius of French-Canadian politics tended towards conservatism ; and the ultra-Protestant British radicals, and the free-thinking French ultras, did not recommend the party of so-called progress to French-Canadian Catholics. Nothing is more instructive, in these confused years, than to watch the disintegration of French radical discontent. After George Brown had set the French radicals against his 'Clear Grits,' through his factious opposition to seigneurial reforms in 1859, the party practically disappeared as an influence. In 1860 Dorion, Drummond, M^cGee and Papineau were the only Lower Canadian representatives who supported Brown in his constitutional motions. In 1861 a single representative from the East, Somerville, accepted representation by population as a possible policy ; and in the election of 1861 Dorion, Lemieux and Thibaudeau fell at the polls along with their ally, Brown. No doubt Dorion voiced *rouge* opinion when, in 1865, he called for more popular procedure on the Confederation question ; but Cartier, and not he, was the accepted leader of French opinion.

Equally futile, although prominent in their futility, were Sandfield Macdonald and his 'tail.' The leader no doubt held the highest office from 1862 until 1864, but it was only as leader of a ministry of 'caretakers,' who were possible as administrators only because they renounced, in practice, any distinctive principles they might possess, and administered in the spirit of their predecessors. The administration had been formed 'on the basis of economy and retrenchment,' those old familiar friends of politicians more anxious for place than clear about their programme. They succeeded, at least, in retaining office, until something more distinctively efficient was ready to enter into occupation.

The real centre of progressive agitation lay in Brown and the Upper Canada reformers. Originally separate from them, Brown had been forced into common action with the 'Clear Grits' through his differences with the Baldwin and Hincks moderates ; and once the transition had been made, Brown became the 'Clear Grit' *par excellence*, and the *Globe* the chief organ of radical agitation. Brown had a difficult

game to play, and he played it badly. Every Canadian party is based on some compromise between French and British, and Brown could not but see that if he were ever to hold office, it must be through some alliance with Dorion and Lower Canadian radicalism. It is not too much to say that he not only made common action between Upper Canadian and Lower Canadian radicalism impossible, but that he assisted to destroy Dorion's power as a leader of the French, and greatly intensified racial problems by his merciless and inopportune preaching of anti-Catholic and anti-French political doctrines. It is useless to revive old rancours, and the adjectives of the early numbers of the *Globe* may well be suffered to slumber in dusty peace; but that George Brown proclaimed representation by population, in season, but chiefly out of it, until he had aggravated the racial-constitutional question into a danger, and that he added religious to political antagonism in the relations between French and English, must be the adverse verdict on his political career and that of his party.

Great as an editor and publicist (for Canadian journalism owes much to Brown's management of the *Globe*); great also as an agitator, Brown was one of the conspicuous failures in Canadian public life. He never learned moderation; and he never acted with that spirit of opportunism which raises itself to the level of a principle through its public usefulness. Brown, Dorion and the 'Clear Grits' enjoyed their forty-eight hours' possession of power at the expense of the future of the party—a freak, harmless only because Canada in 1858 did not happen to be in a crisis; and in the coalition of 1864 Brown once more failed to weigh public good against private whim when he risked resignation on what was really an unessential economic doctrine, so far as the ministry was concerned. There stand, nevertheless, to his credit his genius for criticism, and the public spirit which in 1864 led him to combine with men whom he hated, and hated on grounds of political and moral principle. Not all his impracticality and factiousness can disguise his essentially Scottish gifts of exasperating but useful criticism. But for him innumerable evils would have been allowed to slumber

undisturbed ; and while his claim to be regarded as one of the originators of Confederation is impossible, it was his ultra-logical development of the evils of the Union settlement, and his *reductio ad absurdum* of the solution by representation in proportion to population, which cleared the way for Confederation. His agitation for the inclusion of the great territories ruled by the Hudson's Bay Company in the Canadian commonwealth, and his services to the growth of a better feeling between Canada and the United States, prove that his mind could take broad views when he cared. He achieved a great pioneering work in liberal journalism ; he built up a reputation, unequalled in Canada, for agitation through speech and writing ; he created a serious party in opposition ; and, in an *interregnum* in faction, his patriotism was equal to a heroic sacrifice of personal feeling. But he was not a statesman, and his leadership doomed the party, which was really only a shadow of himself, to insignificance.

### Liberal-Conservatism

If Brown and his 'Clear Grits' found the political battle steadily telling against them, Macdonald and the liberal-conservatives saw their future grow steadily brighter. And it is but fair to admit that the great liberal-conservative leader earned his success legitimately, and through his unusual power of recognizing and interpreting facts. Those for whom the stars in their courses fight have usually made a preliminary study of the ways of the stars. In truth, the history of liberal-conservatism in Canada is something more than a tale of party faction. Liberal-conservatism was the answer given by an 'old parliamentary hand' to the question, 'What substitute shall be devised to take the place of a fallen autocracy?' Baldwin, Hincks and La Fontaine had made an important political discovery for Canada—that the country needed solid moderate and even conservative administration much more than it needed party conflict. The land required population, development of transportation, capable financing—in other words, efficiency of government.

As soon as the great vexed constitutional questions had been settled—responsible government, the clergy reserves, seigneurial tenure—there were no true party issues left. The problems still outstanding must be solved, whether conservatives were in office, or reformers ; and in spite of Brown's advocacy of representation by population, no clear-cut and decisive alternatives were offered marking conservatives from liberals, as these parties were, and are, marked in Britain. All questions, then, were administrative questions, and in the long run the differences were between successful and unsuccessful administrations, rather than between alternative policies.

The situation was not peculiar to Canada. Peel in England, Bismarck in Germany, Cavour in Italy, each of them had to face tasks requiring immense patience, ingenuity, and sheer labour. In England the machinery, political, social and economic, of the eighteenth century had to be altered to suit the needs of a progressive and strenuous new age. In Germany and Italy domestic consolidation had to go hand in hand with military organization and triumph. No doubt, in all these countries, alternative policies seemed to exist, but in actual fact the one matter of real importance was to have a government, to have men, who had perception and energy, with a country or assembly behind them persuaded or bullied into support.

To justify the liberal-conservative policy it was necessary, not to argue or theorize, but to act ; and wherever the same situation occurred, it became also necessary to have some dominant spirit, some heaven-sent opportunist, to direct the political array. What was happening in Europe happened also in Canada ; and not all their confusions and inconsistencies of the years between 1854 and 1867 can disguise the fact that in John A. Macdonald, and the party which, by the latter date, he had created around him, Canada found the political master and solution for which she had been searching. Indeed, it is possible to hold that, whether under Macdonald or Laurier, Canada has ever since been true to liberal-conservatism, although the respective proportions of the two constituent elements have changed from

time to time. She is governed less by party than by purely administrative considerations.

Be that as it may, liberal-conservatism was the creation of many minds. 'The government of the country,' wrote Baldwin from retirement in 1854, 'must be carried on. . . . *If that can be done in no other way than by initial concessions, and a coalition of parties, they become necessary.*' A few months earlier John A. Macdonald had written to Captain Strachan that 'our aim should be to enlarge the bounds of our party, so as to embrace every person desirous of being counted as a "progressive conservative."' Elgin had prophesied the same thing when he hinted at an alliance between moderate tories and the French; and Head reiterated in his dispatches the need for 'the formation of an intermediate party, neither radical, nor tory, but a party of "conservative progress."' It is true that not until 1864 was any stable administration founded, and that liberal-conservatism did not leap full grown and armed into the Canadian political arena. But political solutions are made slowly and painfully, not invented on the spot; and nowhere so definitely as in the minds of Macdonald, Cartier and their friends were the theory and practice of liberal-conservatism present.

The party had errors from which to purge itself; allies to make; new views to evolve and state. Yet, thanks to the genius for opportunism of Macdonald, the liberal-conservative principle made its way. One may find many joints in the armour of this parliamentary leader—over-astuteness, the abuse of opportunities and political alliances, a serious lack of dignity not altogether disconnected from moral faults. But he was the one man who could read the lessons of the past twenty years; he was the 'handy man' of Canadian politics. Realizing that, in his assembly, management and personal address meant much more than even political principle, he erected personal influence into a place usually occupied by a party programme; and, sure of his usefulness to the country, confident that it was either his party or confusion, he 'dished the Whigs' whenever he had a chance, and answered such opposition as cared to present itself in the most effective way—by adopting all their good

ideas. Whatever else may ultimately be ascribed to John A. Macdonald, he will go down to history as the greatest master of parliamentary management, in a day when that commodity was scarce in Canada ; the creator of the party of liberal-conservatism, without which the Canadian government would have failed in its task ; and one who, at the crisis when fidelity to the mother country had to readjust its expressions to meet the growth of independence, was able, in his own words, to assist in ' founding a great nation, under the fostering care of Great Britain, and our Sovereign Lady, Queen Victoria.'

### The French-Canadian Question

Meantime liberal-conservatism, and indeed all Canada, was face to face with a political problem of the first magnitude—the relation of Lower to Upper Canada. There is this peculiarity about all racial disputes, that they are even less susceptible of logical and rational treatment than normal political issues ; and many circumstances made the French-Canadian question complex and delicate, if not, in the old sense, dangerous. Durham had diagnosed the disease, but the remedy which he had suggested had, in the form of Union, proved at best a temporary one, with a constant tendency to grow less and less efficacious. To create a united nation in which the frontier lines of races would gradually be abolished was a noble political conception, but it was a dream.

French Canada had far too definite a basis in physical fact, had too many intellectual and spiritual idiosyncrasies, was now too stubbornly wedded to its own political standards, to yield to the gentle solicitations of a perfect scheme of union. What the Quebec Act and Dorchester had acknowledged were now irremovable realities in the political world in Canada, and no political system was worthy of consideration which did not make room for the intensifying fact of French national organization. Troubles, as has been seen, had begun under Sydenham. It was difficult to pass from the abnormal and revolutionary anti-union conditions into a system where the French leaders, most of whom had been

either suspects or definitely acknowledged rebels, might be accepted with acquiescence and assurance. The difficulties before Sydenham were immense, and he may receive some of the credit claimed for him by his biographer when he speaks of 'his constant endeavours to promote their [the French] real interests in spite of their opposition.' Appealed to by the irrational strength of national feeling, solicited in the other direction by those who called 'for the partial dismemberment of the province, with the view of conferring on one portion a representative system, while maintaining in the other a despotism,' he tried, as far as he could, to hold the balance level. But the French opposition was very natural. Opinion was still excited, and small incidents were readily converted into serious fears. Apart from definite charges, the fact was patent that Sydenham's policy meant the end of French nationality as a fundamental political condition. Whatever other successes he may have achieved, the conciliation of Lower Canadian opinion may not be enumerated among them, and the failure came, partly from Sydenham's temper, but still more from the knowledge that the British government was seeking to put an end to French national organization, as it had existed down to the Union. Let it be admitted that union, and union upon the lines laid down by the Union Act, was the only possible expedient after the Rebellion; it is nevertheless true that it was only a temporary expedient, and almost the most interesting development in politics between 1840 and 1867 is the gradual evolution of a plan which permitted to the French the free expression of irrepressible nationality, and yet asserted the superiority and unity of British rule.

To Bagot must be given credit for the first move towards a new policy. 'I have been in negotiation with the French Canadians,' he wrote to Stanley on September 13, 1842, 'for their admission on a broad and liberal footing into a share of the government. . . . I *turned to them as a race, and a people rather than a party*, and put myself into direct communication with M. La Fontaine.' It was one of those venturesome acknowledgments of fact which so often constitute the soundest and safest policy. For what Bagot began,

La Fontaine and his faithful ally Baldwin carried safely through the second stage. For the present the Union constitution was the one possible instrument of government.

Under these conditions it became essential to arrange some *modus vivendi* by which British and French politicians might unite for common action, without either side of the alliance feeling that its independent existence was being undermined. Great as the other virtues of Baldwin and La Fontaine were, none equalled in its contribution to national well-being their power of concerted action, and of carrying with them solid fragments of both Upper and Lower Canadian opinion. After 1842 it had become a fundamental condition of success in Canadian politics that the alliance, first hinted at in the Sydenham parliament, should be fixed beyond possibility of separation. The peculiar vice of the Metcalfe régime lay in attempts such as Draper made to detach individuals from the French party, who should hold office, not as French Canadians, but as supporters of a British government; and La Fontaine, as has been shown above, never served his fellow-countrymen and Canada better than when he resisted all efforts to break up a union which had much more than party significance. Under Elgin, whose steady wisdom read the signs of the time, here as aptly as elsewhere, it became a fixed political convention that the existing administration should be a nice balance between French and British; that the equality should be made manifest by a joint-headship; and that, by all arts of political diplomacy, it should be contrived to have neither Upper nor Lower Canadian questions decided in the face of hostile majorities in the region affected by the proposed legislation. In this period of understanding and management the high-water mark of success and wisdom was reached in La Fontaine's attitude towards the clergy reserves question, and the caution in legislation with which Baldwin responded to his colleague's honourable conduct.

But political diplomacy, while it may do almost everything, cannot overcome the malign influence of actual constitutional defects. Thanks to Bagot, Elgin, La Fontaine and Baldwin, an extremely adaptable and potent parlia-

mentary machine had been invented to make the Anglo-French government peaceful and useful. But the miscalculations of the Union settlement were now becoming more apparent. To quote words spoken by George Brown when the true solution for the difficulty had almost been achieved :

> Our constitution of 1840 brought together under one government two countries peopled by two races, with different languages, different creeds, and different laws and customs ; and unfortunately, while making us nominally one people, it retained the line of demarcation between Upper and Lower Canada, and gave the same number of representatives in Parliament to each section, without regard to their respective populations, their contributions to the general revenue, or any other consideration.

Like every other inherently vicious settlement the first complications involved deeper and subtler complications. It had been necessary to unite the provinces, and that suggested the extermination of *la nation Canadienne*. Then, to safeguard French interests, the number of representatives allotted to them was stereotyped, to prevent an increase in Upper Canada having its natural influence on parliament. But not even this stereotyping of the representative system could prevent racial friction. There were two masses of conflicting political interests and objects ; religion, law, land-tenure, each had its British and its French aspect. Yet there was no guarantee, except the mechanical contrivance of numbers, that British interests should be secure against a French majority, or French interests secure against one from Upper Canada. Political management and the spirit of compromise had accomplished wonders, and while the great La Fontaine-Baldwin ministry held office, their perfect success disguised the actual danger of the situation. When that ministry broke up, the problem presented itself in all its terrors, for the *Globe*, using the gift of irresponsible and unrestrained criticism of which newspaper editors in general, and George Brown in particular, have always been so fond, forced Upper and Lower Canada to realize the full

extent of the error in machinery ; and the unchaining of the evil spirits of religious bigotry further emphasized the point.

It was a supreme test to which to put the new energies of liberal-conservatism. That party and its British leader had already fallen heir to the policy of conciliation and compromise created by La Fontaine and Baldwin ; for it was another of the political virtues of Macdonald, that while the old tory leaders like MacNab had been willing to support agitations so furiously anti-French as that directed against the Rebellion Losses Bill, he and the moderates early saw the place in their system open to moderate French Canadians, and the series of new alliances, first of Taché with Macdonald, and then of Macdonald with Cartier, was clear evidence of the fact that, while the name of the party in power had changed, the British leader realized, as Baldwin had done before him, how much depended on joint action of the strictest and most honourable kind. It will one day be acknowledged, if the truth is not already manifest, that along with Durham, Sydenham and Elgin, as makers of modern Canada there must be placed, and placed not as individuals but in alliance, La Fontaine and Baldwin, Macdonald and Cartier, the four men who taught a united Canada that Frenchman and Briton may realize to the full each his own national character, and yet act together for the common weal.

## Political Expedients

Nevertheless liberal-conservative moderation was not a sufficient answer to the difficulty. There were many features in politics between 1854 and 1867 which made stable administration almost impossible. There was the lack of any real difference in principle between the contending parties, and the irresponsible use of an opinion, only too easily excited by leading articles in the *Globe*, or by speeches as bitter and unrestrained. Political morality and honour, too, were painfully lax, and the scandal of ' the Double Shuffle,' in 1858, remains to this day one of the conspicuous blots on the fair fame both of Macdonald and of his party. It is true

that Brown and his friends had brought punishment on themselves by their thoughtless occupancy of office which they could not continue to hold, and which yet made re-election necessary. It is also true that when Macdonald led his men, after their brief retirement, into power once more, he had law on his side when he evaded the need for re-election by a general 'shuffle round' of offices, and a reshuffle into the old places—all within twenty-four hours. No doubt the law read that a minister who 'shall resign his office, and within one month after his resignation accept any other of the said offices, shall not thereby vacate his seat'; but no politician who cared for the honour of his party would have induced his cabinet to perform the sorry farce; and the episode goes far to justify the taunts of lack of principle and of honour which his opponents flung so freely at the great liberal-conservative leader. But, after all, the supreme question was, 'By what machinery shall Canada at once maintain a union, and yet give to either side its due recognition?'

Brown and his 'Grits' had at first a ready answer, 'Representation by population'; and, no doubt, had Durham's vision of the future of Canada been realizable, a measure of representation by population, introduced by politicians less vocal and more tactful than Brown, might have satisfied all longings. But the idea was quite impracticable. It swamped the French vote without granting any kind of compensation to French nationality. It would have been a species of terms dictated by a triumphant Protestant West to a defeated and humiliated Catholic East. No man recognized the practical limitations of the idea so directly, if also so unconsciously, as George Brown; for in the leading articles of the *Globe* for Monday, August 2, 1858, written in his brief moment of power, there is a vagueness and verbosity curiously unlike Brown's usual point and strength—he knew that his favourite measure was impossible of support in its native baldness. The Toronto gathering in 1859 gave more convincing evidence that the prophet of representation by population found his burden inconvenient when the day for action came. The importance of the great agitation, and

its real value, proceeded from the reality of the difficulty at which it pointed. As a suggested remedy it lacked the first elements of practical usefulness.

The other early answer was the 'double majority,' an expedient which at least created fewer points of friction than representation by population. But the policy of the double majority was too futile to be accepted by any responsible politicians, or to be practised long without having its impossibility revealed. Head never proved himself so sound a statesman as when he wrote, 'I have told Colonel Taché that I expect the government formed by him to disavow the principle of a "double majority."' It was the chief practical exponent of the policy, John Sandfield Macdonald, who, in the irony of fate, reduced his own theory to a final absurdity. That ministry of 'caretakers,' the Macdonald-Sicotte, later the Macdonald-Dorion administration, had, if it really did possess any principles, the practice of the double majority as its distinctive ideal. R. W. Scott and the separate schools applied the necessary test, and as the ministry reeled out of the struggle, intact, but with its fundamental principle annihilated, even 'double majority' men realized that their maxim would not work in real life. It cut at the very roots of cabinet unity; it introduced a new complexity into a cabinet system already complex enough; and it made the life of every administration dependent on stray currents and twists in political opinions, to the elimination of all solidity and permanence.

It was at this stage that the true solution of the difficulty became plain: Confederation, with the local differences safeguarded by local assemblies, and the general balance readjusted in a joint or general parliament. With the constitutional aspects of the question the present chapter does not profess to deal, but only with its relation to political movements before 1867.

## The Confederation Movement

The question of Confederation as a practical solution to existing difficulties entered Canadian politics with Galt's

action in 1858. No doubt the idea had often been expressed in books and speeches at an earlier date. Pre-Rebellion leaders like Robinson and Sewell had given it very concrete expression ; the Durham Report may be quoted as one of the sources ; Macdonald's British American League had made the idea the chief plank in its platform. Russell and Grey had speculated on Confederation as a means of raising the tone of Canadian politics ; and the action of the Maritime Provinces, and more particularly Nova Scotia, some years earlier, preparatory to a smaller scheme, had its due influence on the western colony. But in politics an idea dates from the day when some responsible politician makes a definite proposal, and is prepared to stand or fall by his measure. There are many putative ' Fathers of Confederation,' but Galt gave it definite place in the programme of a recognized political party. On October 22, 1858, Head wrote to Lytton :

> Early last session Mr Galt, then unconnected with the ministry, put on the votes a notice for the consideration of it [Confederation]. . . . I found him and several of the gentlemen about to assume office, deeply impressed with the idea that in some such union alone, could be found the ultimate solution of the great questions which had been made a ground of agitation by Mr Brown and his friends at the general election, viz. the existing equality of representation of Upper and Lower Canada, and the alleged injustice inflicted on the former by such equality.

Thereafter, events moved as quickly as might be expected in an agitation which involved so many different interests, and where the British ministers were necessarily in ignorance of the needs of the case and the appropriateness of the solution. Galt's first move came to nothing, thanks chiefly to British immobility. Then came Brown's great Toronto Conference of 1859. The policy there elaborated passed into parliament in the following session. As some still count Brown one of the ' chief founders of Confederation,' it is well to state his position as defined in these years.

In the motion of April 16, 1860, he held

> that the existing Legislative Union . . . has failed to realize the anticipations of its promoters, has resulted in a heavy debt, burdensome taxation, great political abuses, and universal dissatisfaction; and it is the natural conviction of this assembly, from the antagonism developed through difference of origin, local interests, and other causes that the Union, in its present form, can no longer be continued with advantage to the people.

But Brown was unwilling to await the slow solution of a combined movement of all the British North American provinces. That, in the language of the conference, 'would be no remedy for our present difficulties'; and he proposed a minor movement, with full representation given to local feeling, and some 'joint authority' acting in place of a federal government. In other words, Brown and his friends were open enemies to the practical proposal for a general union. In clear contradistinction are the decisive support of Confederation by Galt, and the unqualified approval of John A. Macdonald: 'The only feasible scheme which presents itself to my mind as a remedy for the evils complained of, is a confederation of all the provinces.'

As time advanced the British government saw more and more clearly how greatly it stood to gain by the Union. The action of the United States over the *Trent* affair, the growing alienation between Britain and the Northern States, after 1861, and the Fenian plans for the invasion of Canada, which kept British consuls and diplomatists busy throughout 1865 and 1866, all forced on the mother country the truth that a united British North America was a much more available imperial asset than the straggling and dislocated units of the *status quo*.

With the separate conferences this chapter has not specially to deal; the issue is rather the relation of Confederation to Canadian party politics, and one may pass at once to the crucial years 1864 and 1865. By 1864 the party difficulty had reached the expected *impasse*. Liberal-conservatism under the guidance of Macdonald, Taché and Cartier had done its best with the existing material, and had registered its comparative failure in 1862. But no opposi-

tion could attempt what the one adequately organized party had found itself too weak to perform. The Sandfield Macdonald ministries simply registered new failures, and when even Sandfield Macdonald gave up in 1864, and the liberal-conservatives once more found themselves in a minority of two, the final crisis had been reached.

Then occurred what is perhaps the most important episode in modern Canadian politics. Events had been surely making very plain the truth, that for Canada to play at British party politics was a serious error, since the old British opinions had long since grown unreal, old British party names become mere nicknames, and the local divisions of the Canadian parliament as hurtful as they were needlessly exciting. Let it be once more asserted—Canada had need, not of parties, but of a collective and representative administration which would take all the sound propositions of all groups, and weld them into a great national administrative policy. And foremost among the propositions of such a party must be, not a measure granting representation by population in all its bald simplicity, nor yet a sanction to the double majority principle, but a statesmanlike bill uniting Canada and the other provinces on a federal basis.

In the events which followed the government defeat of June 14, 1864, it is hard, perhaps unnecessary, to allocate the honours, for all concerned acted as true-hearted Canadian patriots—Morris and Galt in negotiating for the meeting, Brown for consenting to what was the most heroic act of self-restraint and of patriotic moderation in his career, Macdonald and Cartier for seeing clearly the exact terms on which the coalition should be made, and for proclaiming Confederation as the one true goal for Canadian politicians.

Between Friday, June 17, and the following Wednesday the plans along which modern Canada was to progress were made, and a government both liberal and conservative, strongly tinged with Upper Canadian feeling, and yet equally fair to the French-Canadian population, came into existence, to secure a scientific government for a great self-governing dominion. It is true, of course, that Brown was not at first willing to accept the larger scheme, but he and his party

combined with their old enemies ' to bring in a measure next session for the purpose of removing existing difficulties by introducing the federal principle into Canada, coupled with such provisions as will permit the Maritime Provinces and the North-West Territory to be incorporated into the same system of government.' So it came about that, when parliament was prorogued on June 30, and a new government was announced including George Brown, Oliver Mowat and William McDougall, the future of Confederation was assured. It is difficult to find a fairer summary of these events than is contained in the words of the Honourable Alexander Morris, to whose good offices was due the first meeting :

> I am aware from personal knowledge that the leaders in this great movement, on both sides, were actuated by the highest obligations of patriotism, and that their action was approved by the great majorities of their parties in the House, and I have always held that neither party could claim the sole credit of this movement. . . . But while saying this, it has become a matter of duty to show that there were two divergent lines of policy—the one urged by the Conservative leaders, which eventually prevailed—that of the Union of Canada with the Lower Provinces, and the other, that of Federation of Upper and Lower Canada, urged by Mr Brown and the Reform party in accordance with the policy of ' joint authority,' adopted by them after a convention held some time before.

### A Union of Parties

With the Taché-Macdonald-Brown administration this section may well close. Party politics, as such, really came to an end with the coalition. In the months which intervened between that event and Confederation there were many interesting negotiations, both with Britain and with the Maritime Provinces. A great debate, reflecting immense credit on the colony whose statesmen could rise so well to a serious situation, took place, in which adverse views were stated with great ability, whether by radicals like Dorion, or recalcitrant and faddist tories like Dunkin. But Dorion's

democratic criticism sounds very hollow to present-day critics, and Dunkin's long and detailed assault does greater credit to his legal acumen than to his statesmanship, although he must receive credit for foreseeing some of the most characteristic difficulties of the federal plan. The battle was over, and Monck could write home in November assuring the British government ' that the desire for a consolidation of British North America has taken strong hold of the minds of the most earnest and thoughtful men in these provinces.'

Of all the orations which adorned or concealed the statesmanship of these days, two may be singled out for special note—those of the two men, one British, the other French, whose patient co-operation and parliamentary skill had brought their country to the great event, and who together were to give the final justification to Confederation by making it a practical working instrument of government. For Cartier the event was notable, since it marked a union which still allowed his fellow-countrymen all their privileges ; and the note of his speech is ' unity in difference.'

> The idea of unity was utopian, it was impossible. Distinctions of this kind would always exist. Dissimilarity, in fact, appeared to be the order of the physical world, and of the moral world, as well as in the political world. . . . In our own federation we should have Catholic and Protestant, English, French, Irish and Scotch, and each by his efforts and his success would increase the prosperity and glory of the New Confederacy. He viewed the diversity of races in British North America in this way : we were of different races, not for the purpose of warring against each other, but in order to compete and emulate for the general welfare.

For John A. Macdonald, his fellow-in-arms, the event was imperial, and nowhere is it more evident that, beneath moral peccadilloes and assembly jobs and merely party politics, there existed in Macdonald's mind a great and overmastering principle—the love of, and pride in, the British Empire, and an intention to do something which would add to its glory through the creation of a new British nation, Canada.

> If we wish to be a great people ; if we wish to form

> . . . a great nationality commanding the respect of the world, able to hold our own against all opponents, and to defend those institutions we prize ; if we wish to have one system of government, and to establish a commercial union, with unrestricted free trade, between people of the five provinces, belonging, as they do, to the same nation, obeying the same Sovereign, owing the same allegiance, and being, for the most part, of the same blood and lineage ; if we wish to be able to afford to each other the means of mutual defence and support against aggression and attack—this can only be obtained by a union of some kind between the scattered and weak boundaries comprising the British North American Provinces.

He closed his speech with respectful and manly tributes to Great Britain and its Sovereign Lady, Queen Victoria.

The pity of it is that the historian may not conclude with some picture of fervent loyalty and happy unity—for Canada, long in travail, had brought forth men fitted and prepared for her government. But before the final stage was reached, George Brown, whose really heroic sacrifice of feeling had made the new system possible, chose to resign on a minor issue, and so endanger all that his previous actions had accomplished. Two men, indeed, both faithful servants of Canada and their own provinces, Joseph Howe and George Brown, after having done yeomen's work for union, fell from their own traditions and below the standard of true statesmanship. But in such matters the poet's words are false ; for men's follies only are written on water, their statesmanlike moments endure ; and the errors of neither Howe nor Brown are now permitted to separate those who made them from the company of true Canadians who saw their perfect work accomplished on July 1, 1867.

## A Retrospect

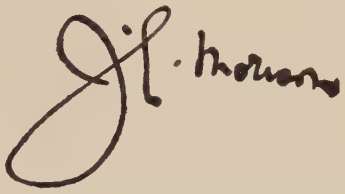
The course of Canadian politics has now been traced from the advent of Union to Confederation Day, through a period which, unless Canada have still to earn her title to nationhood through blood and iron, must ever rank as the great formative

epoch in her history. Viewed as a whole, it is characterized by two decisive slow movements, which commence with Durham's mission and are perfected only in 1867. The first is the education of Great Britain, through her Canadian experience, in the art of governing an empire on democratic principles. Nothing is more conspicuous in the British state documents earlier in these years than the lack of confidence, the note of distrust in colonies which had begun to ask autonomy. From the Iron Duke himself down to the veriest radical shouting *laissez faire* none has a confident future vision, and the self-styled imperialists are those least confident in the permanence of empire.

In Canada a succession of great public servants—Durham, Sydenham, Elgin, Head—who had been flung into the realities of empire, made for the first time the discovery that Danton's maxim held good in colonial administration, and that faith which is also boldness is the first of the cardinal imperial virtues. A period which began with gloomy prognostications in Great Britain ended with the triumphant loyalty of an independent Canadian ministry; and the conservative and monarchical plans which Macdonald laid for a 'Kingdom of Canada' were thwarted not by colonial republicanism, but by some remaining shreds of imperial timidity, which treated Confederation 'as if the British North American Act were a private bill, uniting two or three English parishes.'

The second movement is that which includes all the advances in political experience and knowledge of public affairs allied with the concession of home rule. Beginning in crude ignorance, and schooled at first by that imperial pedagogue Sydenham, Canadian statesmen may be watched in clumsy efforts 'at their book.' First party and cabinet combination is learned, then the potency and expansiveness of responsible government. Canadian ministers pass in a single generation from the erratic uncertainty of Baldwin's first attempts to play the game, to the finished skill in management of the great Confederation leaders. The evolution of the 'old parliamentary hand' is the last and perfect evidence that political civilization had been attained; and it is possible to gauge how far Canada had travelled towards

such civilization by the substitution of Cartier for Papineau, Macdonald for MacNab ; and of the skill and peacefulness of the Confederation campaign for the crude democracy and pitiful appeal to force of the Rebellion. Durham's dream and earnest desire had been more than accomplished, for his successors actually saw the connection of Britain with her North American colonies perpetuated and strengthened, and these colonies, indeed, 'one of the brightest ornaments in Her Majesty's Imperial Crown.'



# CONSTITUTIONAL DEVELOPMENT

## 1840-1867

# CONSTITUTIONAL DEVELOPMENT
## 1840-1867

## I

## RESPONSIBLE GOVERNMENT

### Lord Durham's Report

IN order to remove the evils which led to the Rebellion Lord Durham had recommended that in the internal government of the colony the governor should take the advice of responsible ministers. The suggestion seems so reasonable that we are disposed to inquire almost with impatience why it was not adopted at once. The answer is suggested by the development of the English constitution. Though the Revolution of 1688 shattered the theory of divine right, the new relations between the king and the people were not determined immediately. Many continued to regard the sovereign in the old light, and from their struggle with those who pressed for the revolutionary settlement was slowly evolved the constitution as we know it. The mere business of constructing the party system, the cabinet, and all the devices and conventions necessary to ensure popular control over the administration took more than a hundred years. In the case of Canada the theory of the governorship, which Lord Durham criticized, resembled rather closely the view which the Stuart kings held of their position. What Providence was to them, Downing Street was to the governor. Just as they had acknowledged their responsibility to God alone, and refused to allow the authority given them by Him to pass into the hands of parliament, so the governor felt that he could discharge his responsibility to the mother country only by controlling the administration. Lord Durham's

Report may be taken, therefore, as in many ways parallel with the constitutional documents of the English Revolution. A considerable period was needed for its results to gain general acceptance.

A great number of those interested in colonial affairs clung to the conviction that Canada could remain part of the empire only so long as the governor chose his advisers where he pleased. If only those persons could be named who enjoyed the assembly's confidence, they would naturally endeavour to force their views upon him, on the ground that, in order to retain their places in the assembly, they must shape the government's policy. But to yield to their demands would simply mean that the colony was independent, and free to adopt measures prejudicial to the interests of Great Britain and the Empire. Even those matters which Lord Durham regarded as purely local might easily take on an imperial character, and a piece of legislation calculated to have a purely local effect might in reality operate far beyond the boundaries of Canada. Such was the position of the powerful party which hesitated to adopt Lord Durham's Report. Over against them stood an increasingly large body who looked upon the Report as the Great Charter of Canada. These felt that it was quite impossible to govern Canada by keeping the executive distinct from the legislature as had been done before the Rebellion. They contended, therefore, that the governor's advisers should be acceptable to the assembly, and should be held responsible by it. They believed that for practical purposes the division between internal and imperial affairs could be maintained. In purely local matters the governor should take the advice of his council, but whenever a measure seemed to him to affect the interests of the home government he could use his authority to restrain the colonial legislature. They pressed, in other words, for the establishment of the limited monarchy and the constitutional machinery which the mother country had created. However, even had they not been confronted by a vigorous body of opinion which looked upon this solution as incompatible with the colonial status, their scheme could not have come instantly into operation. Men require training and experience

to form parties, to serve in the ministries which in the British system secure harmony between the executive and the legislative powers. The Canadian people and their representatives had to be prepared for self-government. Thus the constitutional problem presented in Canada at the beginning of our period was virtually the same as that which confronted England after 1688. A similar solution had to be found. In the colony this required less time than in England, for the simple reason that the mother country had led the way. Hence between the years 1841 and 1849 the history of the British constitution during the eighteenth century was reproduced in microcosm on Canadian soil.

In neither case did any large part of the constitutional practice find expression in the statute-book. The Act of Union, for example, determined that 'all powers, authorities and functions' vested by former acts in the governor or lieutenant-governor 'should . . . be vested in and may be exercised by the advice and consent of, or in conjunction, as the case may require, with such Executive Council or any member thereof as may be appointed by Her Majesty for the affairs of the Province of Canada or by the said Governor of the Province of Canada individually and alone in cases when the advice, consent or concurrence of the Executive Council is not required.' The question as to whether the governor's privilege of acting alone would be reduced to a vanishing point, or would be so far extended as to destroy the effectiveness of the executive council, the act left entirely unanswered.[1] We must look for the answer in the custom of the constitution which the governors and the colonial secretaries established in their conduct of Canadian affairs.

## Lord Sydenham

Lord John Russell and Lord Sydenham were both guided by the conviction that they must look to the affectionate

[1] In the same way the Instructions to the Governor, though they required that he alone should lay business before the council and obviously contemplated that he would be compelled to act against its wishes, left it quite open to him to work in harmony with it. The text of the Instructions, bearing on this point, underwent no change in our period, in spite of the revolution in practice.

attachment of the Canadian people as the best security for British dominion. Hence in their judgment the immediate duty of the first governor after the Union was to secure harmony between the executive and the legislature. He could not, however, take a step in this direction until he became perfectly free to choose his advisers. For this reason Lord John Russell changed the character of the executive council, which had not merely been composed of the persons most obnoxious to the majority of the assembly, but had been virtually irremovable. Sydenham grasped the opportunity of appointing active politicians who would find support in the country and in the legislature. He considered it almost essential that they should have seats in one or other of the two houses, in order that they might explain and defend the policy of the administration. He agreed to the demand made by the assembly that the councillors should command its confidence, and drafted the resolutions of September 1841.[1] Finally, he yielded to the requirements of public business so far as to make the councillors heads of departments, of which they were to assume the charge. There were to be two secretaries and two attorneys-general, one each for Upper and Lower Canada, Canada East and Canada West as they were called ; a registrar of the province to fix the great seal, a receiver-general, an inspector-general of Public Accounts, a commissioner of Crown Lands, a surveyor-general, a president of the Board of Works, a solicitor-general, and the president of the council.[2]

Beyond this point, however, neither Russell nor Sydenham was prepared to go. The former believed that any plan which required a separation between the affairs of Canada and those of the Empire at large rested on a fallacy, for measures which were from one aspect purely local might from another have a direct bearing upon the reputation of the Empire. He laid stress, therefore, on the part which the governor should play in the administration. Sydenham

[1] See ' Parties and Politics, 1840-1867 ' in this volume.

[2] Changes were made in the offices, as occasion required. In the Baldwin-La Fontaine ministry of 1848 there were an assistant-commissioner of Public Works and two solicitors-general. After 1851 the duties of the registrar were performed by the provincial secretary.

took a similar view because of his keen sense of the responsibility under which the governor stood to the mother country. If the assembly advanced so far as to choose the governor's advisers and to hold them to account, they in their turn would insist on directing the government, and the governor would be compelled to take their advice and abide by it. Such Sydenham considered to be the inevitable outcome of 'the responsible government cry in its inadmissible sense.' It would make the governor sovereign in the colony, whereas he was actually a minister of the home government. The only means of forestalling this result was to treat the council as 'a council for the governor to consult, but no more.' 'I shall apply to them for advice when I think it expedient to do so—if they cannot agree, there will be time for me to decide between their conflicting opinions and act according to what I deem best for the interests of the Crown.'[1] Hence, though Sydenham put his councillors at the head of departments, he did not intend that they should become a cabinet, or exercise that joint control of affairs which as a cabinet they would necessarily have assumed.[2] The division of work put the real burden on his shoulders. He was quite prepared to govern, himself, and even to interfere actively in the elections.

With one powerful section of the population frankly hostile and with no strong and united parties, like those in England, upon which responsible ministries could be built up, Sydenham naturally felt it impossible to establish the British constitutional system. In his judgment it was necessary to begin with the foundations, and to create municipal institutions as the means of forming in the people habits of self-government. Meanwhile he was determined to provide such an efficient administration that in the enjoyment of prosperity the country would put aside internal

[1] Letter to Baldwin, June 13, 1841.

[2] Scrope, *Life of Sydenham*, p. 234: '. . . the absolute necessity of sending out as my successor some one with House of Commons and ministerial habits, . . . a person who will not shrink from work, and will govern, as I do, *himself*. Such a man . . . not a soldier but a statesman . . . will find no difficulties in his path that he cannot easily surmount; for everything will be in grooves, running of itself and only requiring general direction.'

dissensions and constitutional theories. In his eagerness for a settlement and his impatience of political controversies he took much the same attitude towards constitutional questions as William of Orange had adopted in England, with the same result, a mixture of personal rule and parliamentary institutions, two elements which unite no more readily than oil and vinegar. Sydenham's attempt to combine them by playing the parts both of governor and prime minister led to the misunderstanding between himself and Robert Baldwin.[1] If the assembly had declared its want of confidence in the council and had asked him to take as his advisers the advocates of a policy opposed to his own, the constitutional arrangements which he devised could scarcely have stood the test. He would have experienced great difficulty in observing his pledges to respect the wishes of the assembly and to consult the council. The fact that such a situation was bound to arise accounts for John A. Macdonald's opinion that 'Sydenham's triumph would have been short-lived,' and for Elgin's admission 'that when reading Sydenham's dispatches he never ceased to marvel what study of human nature or of history led him to the conclusion that it would be possible to concede to a pushing, enterprising people, unencumbered by an aristocracy and dwelling in the immediate vicinity of the United States, such constitutional privileges as were conferred on Canada at the time of the Union and yet to restrict in practice their power of self-government as he proposed.'

### Sir Charles Bagot

Yet neither the home government nor Sydenham's successor had at the outset any intention of departing from his course, as appears from Lord Stanley's instructions to Sir Charles Bagot:

> In civil matters, it must be your policy to seek to withdraw the Legislature and the population generally from the discussion of abstract and theoretical questions

[1] See 'Parties and Politics, 1840-1867' in this volume.

> by which the government of Canada in former times has been too often and too seriously embarrassed, to the calm and dispassionate consideration of practical measures for the improvement and advancement of the internal prosperity of the province. In maturing measures of this description you will endeavour to avail yourself of the advice and services of the ablest men, without reference to distinctions of local party which upon every occasion you will do your utmost to discourage ; and in framing them for the consideration of the provincial legislature, you will endeavour to present them in the form in which they are likely to be most favourably received by the House of Assembly.

The governor should strive to avoid clashes between the assembly and the legislative council and the necessity of vetoing bills. Bagot himself was the more willing to follow his instructions, since, like Sydenham, he recognized the narrowness of the basis of colonial parties. No party had a majority ; there were no leaders ; no concert and co-operation were possible. If the patronage went to one group, all the others united against it.

Unfortunately for Bagot, however, the advisers bequeathed him by his predecessor were far from being a broad-bottom administration. It became necessary, therefore, that the governor, if he were to take in the strong French section, or even to retain the confidence of the assembly, should call to the council some members who had consistently opposed the government. The very issue which Sydenham avoided was immediately raised, and the secretary for the Colonies expressed his fear that disaffected persons, once placed in control of the executive, would snap the ties binding Canada to the motherland. Hence he urged Bagot ' to pull against the stream, to get men who would pull with him and not be cutting crabs or backing water when they were most wanted for " hard all." ' Rather than yield this point it might be wise to hold out against a majority of the assembly. Peel himself wrote to Stanley describing the tactics which the governor could employ in such a struggle. There was no risk in remaining on the defensive ' until some act was done by the majority which should paralyse the government.' If

ultimately no alternative presented itself but the selection of a ministry from the majority, the governor could attempt to choose his own servants. Should he be prevented from doing so, and be asked to accept individuals notoriously unfit, he could appeal to the good sense of the province. Or prorogation might be tried and the parties obstructing made responsible for any embarrassment that might arise from it. Still, the one essential fact in the situation had not escaped Peel: 'The weapon of dissolution, as a last resource was not in the governor's hands.' Bagot could not appeal from the assembly to the people without the risk of having an even stronger opposition returned. The battle had to be fought out in the narrow field of the legislature, where he feared that, if he did not win over the leaders of the hostile section, even greater concessions might be wrested from him in the hour of defeat. Hence, though Lord Stanley criticized the manner in which the negotiations had been conducted, forgetting that it was almost as unreasonable to look for correct constitutional usage in the Canada of 1842 as in the England of the early eighteenth century, he had finally to accept the outcome.

To assume, however, that the reconstruction of the executive council under Bagot involved the immediate establishment of complete responsible government is to run ahead of the period. It was not a case, as with us, of the government changing hands, when one party goes out of office and a new ministry is installed. There were no such clear-cut party divisions, there was no such symmetry in the parliamentary arrangements of the period, as would have rendered possible a complete transformation of the council. Several of the old members remained; the leaders of the opposition were taken in mainly to give the government a broader foundation. Bagot did not intend to hand over the administration or to cease supervising business. He meant to distribute the patronage impartially among all sections, consulting the council, it might be, in extraordinary cases, but not necessarily yielding to its advice. His responsibility remained the same. As Lord Stanley expressed it,

> his position was different from that of the Crown in England. The Crown acted avowedly and exclusively

> on the advice of the ministers and had no political opinion of its own. The Governor acted in concert with the Executive Council, but the ultimate decision rested with himself, and he was recognized not only as having an opinion but as supreme and irresponsible, except to the Home Government, for his acts in his executive capacity. Practically he was to a certain extent controlled by the advisers he received, and by motives of prudence in not moving counter to the advice of those who commanded a majority in the Legislature ; but he could not throw on them the onus of his actions in the same sense that the Crown could in England. It was all the more necessary to exercise some caution lest he should so identify himself with a particular party in the colony as to be compelled to follow in their wake, rather than exercise over them a salutary authority and an independent control.

Owing, however, to Bagot's illness, this salutary authority was not exercised. The failing health of the governor had the same bearing upon Canada's constitutional development as the German speech of the first two Georges had upon that of England, and his action in calling in the leaders of the group opposed to him assumed a much greater importance than it would otherwise have had. The administration did pass largely into the hands of the council. The members developed a spirit of cohesion and solidarity, and attained some measure of that unity which a cabinet must possess, at least before the eyes of the world. In the same way the sections of the assembly which followed Baldwin and La Fontaine came nearer than before to forming a compact and serviceable party. It may be said, therefore, that as a general result of Bagot's administration the advocates of responsible government were strengthened in the belief that they could conduct the business of the country and should be allowed to do so.

### Sir Charles Metcalfe

This conviction put them at odds with the succeeding governor, Sir Charles Metcalfe, whose views may be clearly

ascertained from the dispatches in which he interpreted Lord Sydenham's policy and set forth his own.

> Though Sydenham had apparently been of the opinion that the Governor was the responsible government, that his subordinate executive officers were responsible to him, not to the Legislative Assembly, and that he was responsible to the Ministers of the Crown and liable to appeals from the colony against his proceedings, yet he introduced the very form of administration calculated to destroy this conception of his position. In composing his Council of the particular executive officers under his authority, in requiring that they should all be members of the Legislature, and chiefly of the popular branch, and in making this tenure of office dependent upon their commanding a majority representing the people, he seems to have ensured, with the certainty of cause and effect, that the Council of the Governor should regard themselves as responsible, not so much to the Governor as to the House of Assembly. In adopting the very form and practice of the Home Government by which the principal Ministers of the Crown form a Cabinet acknowledged by the nation as the Executive Administration, and themselves acknowledging responsibility to Parliament, he rendered it inevitable that the Council here should obtain and ascribe to themselves in at least some degree, the character of a Cabinet of Ministers.

Metcalfe felt that such an outcome, the existence of a council in reality appointed and maintained by a majority in the popular branch of the legislature, must tend to impair the power and influence of the governor. It inevitably involved government by party, the use of patronage for party purposes, the proscription of all opposed to the administration, the destruction of the governor's independence, and possibly, were the majority so inclined, the loss of the colony. The party system was desirable in an independent state, for there presumably all parties sought the welfare of the whole community. But in a colony one party might be hostile to the mother country ; hence a governor with a spark of British feeling could not stand aside and let the parties, as

they came into and went out of office, assume control of affairs.

From 'the heavy shackles' which the existing system placed upon him Metcalfe tried by several means to break free. He was as eager to escape from the domination of his advisers as George III had been to throw off the yoke of the whigs. Hence where George essayed the rôle of patriot king, he attempted that of patriot governor, describing his aims in phrases as vague and lofty as any employed by Bolingbroke or Disraeli in praise of patriot kingship. If he had a fair open field he would endeavour to conciliate and bring together the good men of all parties, and to win the confidence and co-operation of the legislative bodies by measures calculated to promote the general welfare in accordance with public feeling. He would have preferred, therefore, to keep the executive branch of the government independent of the legislative.

> All the essential principles of Responsible Government might have been secured by the constant exercise of a due regard to the rights and feelings of the people and the Representative Assembly without creating those embarrassments which arose exclusively from the assumed dependence of the executive officers on that body—a system of government which, however suitable it might be in an independent State, or in a country where it was qualified by the presence of a sovereign and a powerful aristocracy, and by many circumstances in correspondence with which it had grown up and been gradually formed, did not appear to be well adapted for a colony, or for a country in which those qualifying circumstances did not exist, and in which there had not been that gradual progress which tended to smooth away the difficulties otherwise sure to follow the confounding of the legisiative and executive powers, and the inconsistency of the practice with the theory of the constitution.

If, however, such a separation of powers were no longer possible, the authority of the governor could be preserved in other ways. Even Lord Durham had not gone as far as Sydenham towards its destruction. He had proposed that

all officers of the government except the governor and his secretary should be made responsible to the united legislature, and that the governor should carry on his government by heads of departments in whom the united legislature reposed confidence. Metcalfe felt that at the worst this suggestion would leave the governor a secretary not responsible to the legislature through whom his orders could be issued, instead of secretaries who, as a result of Sydenham's action, were responsible to the assembly, while at the best it would secure the establishment of heads of departments acting under the orders of the governor, each distinct in his own department, not combined 'to act bodily with the character of a Cabinet.' This last was precisely the conception of a ministry held by George III. Metcalfe saw no other means of showing that in the colony final power belonged to the governor and not to the assembly. 'When he found, therefore, that his Council had gone far beyond these limits he regarded it as one of his first duties to resume the authority of the Governor with respect to the ordinary transaction of business, conducting the administration of the Governor through the secretaries without reference to the Council, except in cases in which the law required that he should have their consent or in which he was desirous to avail himself of their advice.'

It would be a mistake, however, to judge Metcalfe entirely by the written expression of his views. He was by no means lacking in that generous spirit and reasonableness upon which the working of all British constitutional systems depends. His councillors, on the other hand, inclined a little to what George Meredith has called 'the politics of impatience.' Still the conflict was inevitable, and the occasions which gave rise to it illustrate better than anything else the state of the constitution. The governor-general had made some appointments without consulting the council, and the council asked that in future, before appointments were made, its advice should be taken. Similarly the governor had declared his intention of reserving a bill for the consideration of the home government, and the council contended that it should have been informed of his intention

before it advocated the measure in the assembly.[1] This statement of fact embraces two views of the Canadian constitution which were as far apart as the poles.

If the council were at once to hold its position in the house and in the country and to defend the government, it would have to know everything that was being done in the ame of the administration, and to control the distribution of offices and the management of public affairs. What, then, became of the governor? Would he have to see all offices passing into the possession of one political party, and all business transacted independently of him? If so, how could he possibly retain the confidence of all sections of the community, and at the same time discharge his responsibility to the mother country? Metcalfe saw only one answer to the question. He had to make this matter of patronage his Torres Vedras, and to hold out there against the assaults of a party which, once possessed of the appointments and supreme over the governor, would go on to throw off their allegiance to the crown. Following the advice which Peel had given to Bagot, he withstood the majority, and in the end resorted to a dissolution. He gained the day, just as George III had done against the coalition of Fox and North. How far he sacrificed his office to party ends and surrendered to his new advisers the patronage which he formerly defended we need not determine, though there is reason to believe that as in England the victory of Pitt undermined the personal rule of the king, so in Canada the friends upon whom Metcalfe was compelled to lean encroached upon his prerogative.

We can scarcely expect that in the course of such a conflict constitutional etiquette would be strictly observed. In fact, the practice of the constitution had not yet been

[1] Metcalfe, dispatch, January 27, 1844: with reference to a bill to secure the greater independence of the legislative assembly, 'as in some cases in which my consent was given to the introduction of Bills I considered the details to be open to discussion in Parliament and to further consideration on my own part after having the benefit of such discussion.' In the matter of the Secret Societies Metcalfe had expressed his opinion in the council that he would prefer legislation to arbitrary action; 'this sentiment was seized on in order to extract from me a promise that I would consent to the bringing in of a measure before Parliament, to which I unwarily agreed.'

fully established. When it became necessary to publish the reasons for the council's resignation the governor asked the members to state the grounds for their action, while he would do the same, 'so that the different statements would then be before the public.' In England only one statement, which both crown and ministers accepted, would appear on such an occasion. After Baldwin and La Fontaine, however, had drawn up their explanation, Metcalfe objected to it 'as a most disingenuous production,' and protested against what he considered 'a loose and general representation,' not 'a correct statement of facts.' His former advisers ignored the protest, for they, like the governor, realized that in the circumstances two statements must necessarily be issued. The truth is that neither side found it easy to state what had occurred without instilling into the account their own interpretation of the motives of the opposite party. Metcalfe erred in this respect, even more seriously than the governors before the Rebellion who had opposed the popular demands. He persisted in giving as the council's request what was, in his judgment, its inevitable result; instead, that is to say, of writing 'the council demanded this, which involves in my opinion the destruction of my office,' he wrote simply, 'the council demanded that my office be destroyed.' The result was that no accurate account of the events appeared, and that those in England who were following the situation naturally concluded that an insidious attack had been made on the governorship and on the British connection.

## Lord Elgin

The Canadian constitution was not made in Canada. The position of the country required that just as the status of a Roman dependency was decided in the curia, so the character of the Canadian constitution should be determined at Westminster. Hence, though all the parliamentary debates dealing with colonial questions have a far-away ring and frequently display a large ignorance of local conditions, they bring out the phases through which colonial policy passed

and the principles which animated the home government in its management of colonial affairs. English opinion as reflected in the debates fell into two main schools, and it will be useful, before considering how Metcalfe's successor approached his task, to define and distinguish them.

Many people had always believed that the sovereignty of the mother country and British institutions could be maintained in a colony only by governing it from home, and they had been confirmed in their opinion by the American revolt, where an excess of liberty seemed to have intoxicated the colonists. Hence, when Canadian affairs began to engage attention, they resisted every extension of colonial privileges from the honest conviction that, in proportion as the local authorities developed and the control of the home government relaxed, the unity of the Empire would be impaired and the growth of unqualified democracy encouraged. Far from the throne, without a hereditary aristocracy, without those traditions by which English liberty and order were secured, the colony would throw off all restraints and abolish all guarantees of social stability and permanence. English statesmen, to whose minds the heaving surface of Europe still recalled that earthquake in France which their own well-balanced system had allowed them to escape, could entertain no sympathy for what they believed to be revolutionary tendencies in their own colonists. Those, on the other hand, who witnessed with satisfaction the destruction of ancient institutions and the advent of democracy, saw nothing but good in the rising spirit of colonial independence. They agreed that the Empire could be kept together only by the directing hand of the mother country, but believing that colonial ambition would no longer tolerate such guidance, they looked forward to the day when the colonies would become free communities, spreading British freedom over the world. Both schools of thought committed the same error of shaping a dilemma—either the home government must be supreme or the colony must go—and of seeking to confine within it the political genius of the race. Lord Elgin avoided the difficulty by proceeding in characteristic British fashion to solve the problem immediately confronting him.

He put aside both alternatives. He rejected also as inadequate a logical device to which, as we have noticed, many resorted as the only escape from the dilemma. They felt that it was quite simple to separate imperial and local issues, to make the administration of the Empire double-tracked, with the home government running on one side and the local government on the other, and with all chance of collision removed. Lord John Russell had already objected that this involved a divorce between functions which could not be put asunder. Elgin based his objection on the sounder principle that no division could be made in advance ; in each case the governor must decide whether or not imperial interests were affected. Having thus dismissed paper-difficulties and paper-solutions alike, he brought his shrewdness and sense of humour to bear on the existing situation.

Elgin saw at once that his predecessor's mistake lay in suspecting of revolutionary designs one whole party in the province which ordinarily carried with it the mass of the constituencies. 'When this party was forced upon him, he supposed that he could check the revolutionary tendency by showing his distrust of them more especially in the distribution of patronage, thereby relieving his advisers in a great measure from that responsibility which is in all free countries the most effectual security against the abuse of power and tempting them to combine the rôle of popular tribunes with the prestige of Ministers of the Crown.' Elgin laid the foundations of his administration by reposing confidence in the good faith of the constitutional reformers and in the loyalty of the mass of the province. This principle enabled him to accept the working of the party system according as it brought one section or another into office. Not merely, however, did he regard the party system as a convenience, thus going far beyond Lord Stanley and Sir Charles Metcalfe, but he considered it of peculiar value in the constitution :

> That Ministers and Opposition should occasionally change places is of the very essence of our constitutional system, and it is probably the most conservative element which it contains. By subjecting all sections of

> politicians in their turn to official responsibility, it obliges heated partisans to place some restraint on passion, and to confine within the bounds of decency the patriotic zeal with which, when out of place, they are wont to be animated.

From this impartial and common-sense standpoint Elgin attacked the root of the constitutional difficulty. 'The two propositions which,' in the words of Lord Stanley, 'Metcalfe could never reconcile, namely, the existence of a Government responsible to the local Legislature and the authority of the Crown exercised through a Governor responsible to the Crown and a Parliament of this country,' had to be brought into harmony. There was nothing easier than to show that these two propositions were irreconcilable, by constructing a number of hypothetical cases where the wishes of the local legislature would inevitably conflict with the policy of the home government. Any one who wished to do so could carry the argument to its obvious conclusion, namely, that the whole system of responsible government was incompatible with the British connection. On paper the position was unassailable; there was not a weak link in the chain which bound the conclusion with the premises. The mistake, however, lay in beginning with imaginary difficulties and not with actual facts. Elgin's success was due to his recognition that interference on the part of the home government was at once futile, vexatious and dangerous. So far from checking the colony, it served merely to arouse resentment and to incline the local executive to reckless or violent courses. He concluded that Her Majesty's ministers must stand aside and repose a large measure of confidence in the local government. There existed ultimately no other way, apart from force, of holding the country. His decision led at once to the solution of the constitutional problem. All British experience proved that men of the most extreme opinions were sobered and restrained by responsibility. The Canadians, once given executive power, would act with prudence and caution. They would recognize and respect the rights of the crown even where it hindered their own action, for the crown would no longer be regarded as an enemy to be thwarted by every

means, but as a necessary and valuable part of the constitution. They would understand and appreciate the true meaning and value of the imperial connection. Occasions on which the home government and the local executive were likely to clash would scarcely arise. The spirit animating all parties would be so generous and conciliatory that causes of quarrel would tend rather to disappear. In any event, the one possible subject of dispute could count for little beside the ninety-nine subjects on which the two governments would be in thorough accord; and while the system built on the single case was too narrow and rigid, calculated to produce friction and ill-will, that resting on the ninety-nine cases would be broad and solid enough to resist the shock caused by any exceptional disturbance. The former resembled a valetudinarian who, fearing that a chance draught may destroy him, lives in perpetual discomfort; the latter would correspond with a normally healthy person who can withstand infection, and, in consequence, gives little or no thought to the danger of it. Instead, therefore, of reminding the colony that self-government was incompatible with imperial sovereignty, Elgin believed it would be wiser to insist that the institutions and interests of both colony and mother country were at bottom the same, and that with good feeling on both sides no breach could occur. He reconciled the two propositions which Stanley had considered to be mutually exclusive by the simple device of trusting the colony and calling upon it to be worthy of the trust.

Lord Elgin's method of approaching the colonial problem enabled him to determine more accurately than had yet been done the duties and position of the governor. He penetrated at once to the fallacy underlying the theory of the patriot governorship. The patriot governor, like the patriot king, wished to stand above his advisers and to make an independent appeal to the people on non-party lines. He could not succeed, however, in any country where the government depended on the outcome of a popular election, without becoming the ally or the leader of a political party; whereupon his influence was impaired and the administration crippled. If the party to which he attached himself came

into office, it was inclined to depend for its existence upon his prestige and not upon the character of its measures. If, on the other hand, the opposition forced itself upon him, its members naturally felt that they were there 'less as servants of the Crown than as tribunes of the people, bound to press popular opinion and party interests on a reluctant and irresponsible executive.' Elgin decided that the duty of the constitutional governor, like that of the constitutional monarch, was to act not above or beside his ministers, but only 'on or through them,' and to offer them 'his unreserved confidence.' Half-measures were useless. Some of those who upheld the governor's authority had contended that the council might be responsible to the assembly, and might be offered as a sacrifice to an indignant majority, but that this in no way bore on the governor's position. The difficulty was that no one showed any eagerness to serve on such terms; those who served would be careful to take the credit for popular legislation, while leaving the crown to bear the odium of unpopular measures. A full system of responsible government, as Sydenham saw, in requiring that the advisers of the crown should become responsible to the assembly required also that they should assume executive authority. There existed obligations on the part of the governor, as well as on that of his ministers. They were all in the grasp of a principle which Elgin put very simply: 'while you continue my advisers you shall have my unreserved confidence; and *en revanche* you shall be responsible for all acts of government.' He advised Lord Grey 'to weigh on the Ministry as heavily as possible; if necessary, the Governor and the Opposition could do something to check them.'

By thus bringing the governorship well within the limits of the constitution, Elgin increased the usefulness and enhanced the dignity of the office. His advisers realized that he was not trying to circumvent them by means of his secretary or of his prerogatives. They came, therefore, to work cordially with him and to give to his views a higher value than they were likely otherwise to obtain. 'Far from finding in his advisers a desire to entrap him into proceedings of which he might disapprove, he found a tendency con-

stantly increasing to attach the utmost value to his opinions on all questions, local or general, that arise.'

> Placed by his position, above the strife of parties . . . holding office by a tenure less precarious than the ministers who surrounded him—having no political interests to serve but that of the community whose affairs he was appointed to administer—the governor's opinion could not fail, when all cause for suspicion and jealousy was removed, to have great weight in the Colonial Councils, while he was set at liberty to constitute himself in an especial manner the patron of those larger and higher interests,—such interests, for example, as those of education, and of moral and material progress in all its branches—which, unlike the contests of party, united instead of dividing the members of the body politic.

Above all else the office of governor was to be ' the link which would connect the mother country and the colony, and his influence the means by which harmony of action between local and imperial authorities was to be preserved.'

With the object of discharging this last function successfully, Elgin exercised great care in framing his dispatches. The methods by which Her Majesty's ministers kept in touch with Canadian affairs had never been very satisfactorily determined. Dispatches sent from the governor were frequently brought down in the British house, with the inevitable result that information intended for the ear of the government alone and calculated to embroil the governor with local parties filtered through to the colony. On the other hand, documents sent from home and intended only for the governor's perusal might be demanded by the Canadian executive. Such difficulties could not, of course, be removed entirely as long as the imperial connection in any form remained, but Elgin attempted to reduce them by deliberately refraining from sending out dispatches when the circumstances of the time made it inevitable that their publication in England would increase disturbance in Canada, or by conveying the will of the Canadian government only through minutes of the executive council. He wished to avoid separating himself from his Canadian advisers, so that the ministers

and people at home should hear only one harmonious voice and not two discordant notes issuing from the colony.

By his treatment of legislation Lord Elgin still further defined the position of the governor. According to the Act of Union the governor could assent to or veto bills, or reserve them for the consideration of the home government. If he gave assent, his action could be disallowed by the imperial authorities within two years. A reserved bill would become law if the royal approval were granted at any time during the same period. Instructions subsequent to the act granted the governor unlimited power to assent to laws 'which properly belonged to the internal government of the province, and which did not involve what was dishonourable or unjust.' [1] It was left to him, however, to distinguish between measures of local and of imperial bearing, to say nothing of drawing the line between honour and dishonour, justice and injustice. A weaker man might well prefer to have advice from home, or even, if feeling in the colony ran high, to bury a bill quietly in the pigeon-holes of the Colonial Office. Elgin, however, welcomed responsibility. Hence he preferred to deal with bills himself rather than to reserve them or even to consult the home government about them. He was moved by the general consideration that the governor was in the best position to understand the attitude of the Canadian people. Cases might arise when a timely concession to local opinion would strengthen the imperial connection. It was not enough in all circumstances simply to set the wish of the colony over against the immediate interests of the Empire and to decide in favour of the latter. The permanent well-being of the Empire had also to be kept in mind, and it might be better by respecting colonial aspirations to avoid inflicting on the soul of the Empire a wound such as the rejection of a particular measure would undoubtedly cause.

There were other and more powerful reasons for Elgin's course. In deciding upon the fate of bills himself the governor could play the part of a constitutional sovereign. He could demand that the public should regard him, not as an autocrat to be approached either by direct intercession or by back-

[1] Gladstone to Cathcart, February 3, 1846.

stairs intrigue, but as part of the constitutional machine to be acted upon only through the branches of the legislature and the ministers. Elgin observed during the Rebellion Losses agitation that one whole section of the community, by appealing to the governor alone, ignored the existence of the colonial legislature and its executive. He was convinced that, if responsible government were to succeed, this attitude had to be abandoned and the constitutional relation between the governor and his advisers thoroughly appreciated and respected. Hence he refused to act as a *deus ex machina* who would intervene at opportune moments to exalt one party at the expense of another. His conduct had the even more important object of shielding the imperial government from the shafts of colonial resentment. When a governor, instead of determining for himself upon the merits of a bill, sought advice from home, or reserved it for Her Majesty's consideration, he at once brought the ministers of the crown into direct contact with local interests, and no matter what conclusion they arrived at in the matter, they were certain to incur the displeasure of some colonial party.

> Factions in the colonies would be clamorous and violent with the hope of producing effect on the Imperial Parliament and Government just in proportion to their powerlessness at home. . . . If a line of demarcation between the questions with which the local Parliaments could deal and those which were reserved for the Imperial authority could be drawn, as had been recommended by the Radicals and Gladstone, it might have been different.[1] As it was, there was nothing for it but that the Governor should be responsible for the share which the Imperial Government might have in the policy carried out in the Responsible Government colonies, with the liability to be recalled and dismissed whenever the Imperial authorities thought it expedient to repudiate such a policy.[2]

[1] In the House of Commons, June 14, 1849, Gladstone asked, 'Is the theory that the Governor General should not consult the Secretary of State until an act is passed and sent for confirmation or disallowance?' Gladstone divided local from imperial measures, and thought that on the latter consultation should begin at once. Lord John Russell answered the question in the negative, and added that the governor-general decided when to consult.

[2] Elgin to Grey, January 14, 1850.

If, for example, the governor formed his own judgment of a measure, he alone bore the brunt of the storm and he gave the home government the invaluable opportunity of deciding after the event. Seeing for itself what consequences the governor's action involved, it could, in case these proved detrimental to imperial interests, disallow his action and even command his recall. Elgin's conviction was that by this means the authority and prestige of the imperial government, instead of being cheapened in men's sight by the base uses to which local parties would inevitably turn them, would be enhanced and rendered so much the more effective for those rare occasions when their exercise was required. The colonists should gaze at the sovereign legislature through the dark glass of the governorship. That the position of the governor was thereby rendered more difficult goes without saying. He had to stand on his own feet and rely upon his own judgment, not upon the promptings of the Colonial Office. Elgin concurred in Lord Grey's opinion that good men should be chosen governors, and should be granted that freedom which good men always require ; no strong governor who was given freedom of action would hesitate to assume the responsibility which liberty involves.

### The Full Measure of Responsible Government

Lord Elgin completed the structure of responsible government, and brought practically to an end the process by which a constitutional practice similar to that evolved in England during the eighteenth century took shape in Canada. The executive council was now virtually a cabinet, and its members, while each had charge of a department, shared a common responsibility. The governor ceased to attend its meetings regularly, leaving the president of the council in the chair, and, just as in England the absence of the sovereign from the Council Board during the reigns of the early Hanoverians contributed greatly to the development of the cabinet, so in Canada the withdrawal of the governor did much to strengthen the sense of independence in his advisers. The governor could not absent himself, however, without

raising doubts as to the validity of the decisions which were reached by the council alone. In 1858 the colonial secretary forwarded to Canada the opinion of the law-advisers of the crown with reference to the governor's position in the Bahamas. The royal instructions treated the presence of the governor there as necessary at every meeting of the executive council; only 'where the Governor was prevented from attending by a physical impediment, measures might be taken by the Council with the subsequent concurrence of the Governor.'[1] In his reply the governor-general of Canada, Sir Edmund Head, pointed out

> that, since the seventh clause of the Royal Instructions allowed the Governor to appoint a member of the Council to preside, the occasional absence of the Governor from the Council must have been contemplated. The ordinary practice in Canada was that the minutes were discussed in the absence of the Governor, and when drawn by the Clerk of the Council, were counter-signed by the President of the Committee. They were then laid before the Governor who, if he approved, wrote 'approved.' This was constantly done in the Council, but often by the Governor in his own rooms at the Council Office or at home. If he entertained any objection to a minute or recommendation of the Council, he either discussed it in the Council before approving of it or returned it for reconsideration by the Committee through the presiding officer or one of the members.

Head confirmed his own opinion by consulting the attorney-general, Canada West, at that time John A. Macdonald, who reported that the words 'Governor-in-Council' were taken to mean 'Governor acting by and with the advice of the Executive Council,' so that under such an interpretation His Excellency did not need to be present.[2] Having thus explained the Canadian practice, the governor made a striking comment on the broader aspect of the question:

> Where Responsible Government is established, it is, in my opinion, most inexpedient as a general rule that

[1] Labouchere to Head, January 28, 1858

[2] Head to Labouchere, March 4, 1858.

> the Governor should be present during the discussion in Council of particular measures. He is at liberty at all times to go into Council and discuss any measures which he or the Council thinks require it, but his presence as a regular and indispensable rule would check all freedom of debate and embarrass himself as well as his advisers.

There could be no clearer indication of the change which had come about since Sydenham's time in the relations between the governor and the council. The place of the governor, as active head of the council, was taken by the prime minister. The latter was not needed so long as the council consisted merely of departmental officials, each independent of the other and of the assembly, but, when it came to act together and to represent a party, one of its number had to lead the party and to choose his colleagues. The office developed on the lines with which we are familiar in England from the days of Walpole to those of Pitt, though its progress was relatively slower in the colony, where the division of races kept the leadership of each party divided.

It may be said, therefore, that in general the governor was confined to the part of a constitutional sovereign, who should call upon the leaders of parties to form ministries and open and dissolve the legislature. We should not conclude, however, that the rôle was an unimportant one. Sir Edmund Head's refusal to grant the dissolution asked for by George Brown in 1858 made it impossible for the new ministry to stand, and without his consent the 'double shuffle' could not have been effected. In the second case he urged as his justification, that there was no other means of carrying on the government or of saving the country from an election; that parliament and the law-advisers had approved of the expedient, and that the matter would be submitted to the courts. Probably, however, he should have awaited the judgment of the courts and sustained it with his own decision. A final proof of the influence which the governor still exerted was furnished by the prominent share which Lord Monck took in the negotiations leading to Confederation.

The system of responsible government was accepted at

Confederation. Even though, unlike the recent act establishing the Australian Commonwealth, the British North America Act made no mention of a ministry, it was thoroughly understood that the future government of Canada would be conducted according to the existing practice. At times, between 1858 and 1864, when George Brown was finding any stick good enough to beat the ministry with, he complained that the executive dominated the helpless assembly, and urged that the only remedy was the removal of ministers from the house and a separation of the legislative and executive functions according to the American plan. Metcalfe had advised this step in the fear that the assembly would tyrannize over the executive; Brown advocated it on the ground that the executive was crushing the assembly. Fortunately every one realized that a return to the old colonial system from which it had taken so much effort to escape would be sheer folly, and that no better guarantee of liberty could be found than the responsibility of the executive to the elected representatives of the people. Even in the provincial governments which were the outcome of Confederation, no departure from the accepted practice was allowed. During the negotiations at Quebec Brown urged that the provincial legislature should be elected for three years, on one day in each third year, that there should be no power of dissolution, and that the departmental officers, *i.e.* the executive or business board, should be elected during pleasure or for three years, and should be allowed to speak but not to vote.[1] His intention was to keep 'political matters' out of the local legislature by setting up virtually an exalted municipal or county council with an extended term of office, and an executive corresponding to municipal or county officers. McCully's reply, 'We must have miniature responsible Governments,' was taken as a sufficient argument against the proposal. Canada may have been prevented thereby from developing the same readiness as that which Lord Elgin noticed 'of each power in the Republic to go habitually the full length of its tether, Congress, the State Legislature, Presidents, Governors, all legislating and vetoing without

[1] Pope, *Confederation Documents*, p. 75.

stint or limit till pulled up short by a judgment of the Supreme Court'—a readiness which tends to create at once a legislative habit and a contempt for law.

## II

## THE EXTENSION OF CANADA'S POWERS

THE development of responsible government was accomplished and followed by an enlargement of the field within which the Canadian government exercised its power. Yet the relation between the two movements can scarcely be regarded as one of cause and effect. They were both rather the results of a growing strength and self-assertiveness on the part of the people. Colonial interests were expanding, with the result that matters reserved for the imperial government had to be surrendered to the discretion of the colony. The line between imperial and local concerns was being constantly shifted, and always into the territory formerly set apart for imperial action. Such changes, however, did not take place without alterations in the acts which formed the basis of the Canadian Constitution, and it will be well to examine these alterations before proceeding to review the history of the legislative bodies.

No sooner had the legislature found its voice after the Union than it demanded control over that portion of its revenue which was consigned to the civil list. The home government was called upon at once to decide how far the honour of the Empire and the fate of its servants should be entrusted to the colony. When in 1846 the assembly amended the civil list by lowering the salaries of the judges, reducing the salary of the governor's civil secretary, and abolishing the office of private secretary to the governor, General Cathcart pointed out that the civil secretary was

> the accredited agent of the Crown rather than a provincial officer, for the purpose of taking charge of and conducting the correspondence between the Governor-General and the Home Government, which is always of

> a confidential and often of a secret nature, and without seriously compromising the interests of both, this correspondence could not be allowed to pass out of the hands of the Governor-General himself or of his Civil Secretary, who must necessarily have no connection with the Legislature or with any office in the Provincial administration.

He felt that in attacking this office the advocates of responsible government wished to make the governor's secretary 'a mere appendage to his personal staff, with the ultimate intention that the whole of the correspondence with the Government at home should pass through the department of the Provincial Secretary, leaving the Governor-General without any discretion as respects this responsible branch of his office, and entirely in the hands of his Executive Council.' Still, the civil list had to be surrendered, and when in 1850 Lord Elgin's council asked Her Majesty's government to sanction reductions in pensions and certain salaries, he advised that the request should be complied with,

> on the ground that it was unwise to leave room for the impression that a higher scale of salaries than public opinion approved was being maintained by the authority of the Crown, or to allow factious persons, by raising the issue of a simulated conflict between Colonial and Imperial jurisdiction, to withdraw attention from the facts that the British Government could have no interest in keeping up the emoluments of offices for which it had ceased to nominate; and that security against aggression from without and the advantage of representation in foreign countries are enjoyed by the inhabitants of Canada under the protection of England, which it would be difficult to parallel in the history of any other people.

The difficulty of the situation appeared even clearer when the colony asked for the repeal of the clause in the Act of Union making English the one official language, and when it sought the right to dispose of the clergy reserves. In the first case the imperial authorities deliberately delayed action in the hope that the request would be withdrawn, but they had finally to give way, 'when it appeared that the wishes of the Provincial Legislature and the inhabitants of Canada

were unaltered and unanimous in favour of the proposed change.' The clergy reserves had been dealt with at the Union by the imperial parliament itself, and in 1852 the colonial secretary decided that the peculiar character of the question made it an exception to the rule 'that questions which affected exclusively local interests should be decided and dealt with by the local Government and Legislature.'[1] Nothing could be done until his successor frankly acknowledged that the principle underlying colonial administration, that the government and parliament of Great Britain should not withhold 'from the Canadian people through their representatives the right of dealing as they might think proper with matters of strictly domestic interest,' applied even to this case.

The best evidence, however, as to the growth of colonial autonomy is afforded by the history of the tariff. Though it was 'a rule of Imperial policy to reserve to Parliament the consideration of any question of differential or protective duty which may arise in the colonies,'[2] the application of the rule proved extremely difficult. Gladstone himself was compelled to draw a characteristically fine distinction between maritime commerce and such commerce as Canada might engage in by inland routes, for example, with the United States: in the latter field the colony might reasonably act for itself. Yet the difficulty of distinguishing between local and imperial jurisdiction did not end there. The colonial tariff fell on the supplies required for Her Majesty's troops and on the wines intended for the officers' mess. One branch of the Empire seemed prepared to tax another for defending it. Still, the imperial government did not feel disposed to grant an exemption over the head of the legislature. Gladstone urged that the legislature should give redress, and commanded the governor in case of its refusal to employ any legal power to secure the result. As Lord Elgin pointed out, however, the executive had no authority in the matter, and it was not until he prevailed on his ministers to secure the consent of the legislature that 'the gentlemen

[1] Sir John Pakington to Elgin, December 16, 1852.
[2] Gladstone to Cathcart, February 3, 1846.

of Her Majesty's Army were able to drink confusion to the Governor-General and his administration, in untaxed liquor.' [1]

Though difficulties of this nature might arise in the colony, the control exercised by the imperial government over foreign trade was not yet disputed, and when the home country threw off her tariffs the advocates of free trade expected that their principles would be adopted throughout the Empire. Lord Grey expressed the hope that the colonies would remove their duties favouring British as against foreign imports; instead of enabling the colonial legislature to do this, parliament would have acted itself had it not been for the lateness of the season and the difficulty of finding out how the finances of the colonies would be affected. Four years later Grey had the imperial veto called into force against acts of the New Brunswick and Prince Edward Island legislatures, imposing differential duties against the United States. The inevitable collision between local and imperial policy as regards Canada came in 1859, when Galt raised a revenue tariff into a protective tariff. There was on record, however, the reply which Sir Edmund Head had given the year before to Lord Stanley's request that he should throw his influence against protection: 'Self-government which is unable to operate when its acts disagree with the opinion of others, is a contradiction in terms.' Hence, after a feeble protest, Canada was allowed to control its trade policy. It did not, during the remaining years of this period, seek or obtain further privileges in this connection, but its recent claims to negotiate its own commercial treaties may be considered a logical outcome of its action in 1859.

It is unnecessary to dwell upon the other departments of government in which the colony increased its power. Public services like the Post Office [2] were taken over by the local authorities; currency and banking were made subjects of colonial legislation; as early as 1848 the legislature tried to

[1] Elgin to Grey, August 2, October 9, 1850.

[2] Elgin to Grey, May 1, 1849. Elgin had promised in three speeches from the throne that it would be given over to Canada, but the necessary legislation could not be put through. Grey to Elgin, April 27, 1848.

impose restrictions on immigration. The process was irresistible owing in large measure to the difficulty of governing the same country from two places at one and the same time. Lord Elgin pointed out on one occasion how the refusal of the home government to approve of some colonial proposals forced his ministers to defend the imperial parliament against themselves. In other cases measures of prime importance to the colony had to be held over until the attention of the British house could be diverted from Irish or foreign affairs. Still, it was quite inconsistent with British colonial tradition to make a sudden or complete transfer of authority. The home government continued to keep watch over colonial legislation. Between the years 1836 and 1846 some 341 bills were reserved in the North American colonies, and of these forty-seven did not receive the royal assent.[1]

There was only one field in which Canada showed no eagerness to press its claims. The desire for power naturally grew faster than the sense of responsibility; so that, while the colony was prepared to assume the management of its own affairs, it was reluctant to undertake its own defence. The matter assumed considerable constitutional importance, for many at home felt that the unreasonable attitude of the colony justified them in crying an end to colonial empire, and many in the colony contended in turn that the affection of the mother country was obviously of little value, and her indifference would justify them in joining the United States. Elgin, who wished to avoid playing into the hands of either party, insisted that no sudden or extreme demand should be made upon the Canadian administration, and that, on account of Canada's proximity to the American Republic, it would be better to go more slowly than in Australia. Owing to his warning the *status quo* was maintained until 1855, when Canada definitely undertook to meet the cost of the militia.

[1] In the matter of railway legislation the admonitions of Lord Grey that the colony should take every care to safeguard the public interest were most timely. He urged that dividends should be limited, and that income in excess of the legal dividends should be spent on the roads.

## III

## THE LEGISLATURE

### The Assembly

THE student of constitutional history turns with interest to examine the composition of the legislative bodies which had gained control over the executive, and thereby over the government of the country. In eighteenth-century England parliament grew more indifferent to popular opinion in proportion as its powers increased. In Canada, on the other hand, both houses underwent the changes necessary to keep them in touch with the community. Lord Elgin expressed the opinion in 1853 that the assembly was unduly small, and that when the parties were nearly balanced 'individual votes became too precious, which led to mischief.' Hence, with his approval, the number of representatives was in that year increased to one hundred and thirty, sixty-five from each division of the province. The act provided also for a new distribution of constituencies. All the more important counties were broken up, and the principal cities given additional representation. This Canadian Reform Bill had been prepared for by an extension of the franchise carried earlier in the session. Within municipalities property of the yearly value of £7, 10s. was to entitle the owner or occupier to a vote, outside municipalities the qualification was to stand at £5. In 1858 the property qualifications were changed to $300 or $30 a year in cities or towns, and $200 or $20 in other constituencies. A series of measures also provided for the preparation and revision of the voters' lists and for the proper conduct of the elections.[1] It is significant that bribery and corruption were so frequently condemned, and that in 1849 the approach of persons 'armed

[1] 12 Vict. cap. xxvii; 23 Vict. cap. xvii; 29 Vict. cap. xiii. In 1851 the assembly empowered the speaker to name six members as the 'General Committee of Elections,' which should refer election petitions to special committees. A special committee, if the expense were likely to be too great, could appoint commissioners agreed on by all parties, who might be circuit or county judges.

with offensive weapons of any kind, such as fire-arms, swords, staves, bludgeons or the like' within two miles of a poll was forbidden, and the carrying of party ensigns and flags and the wearing of badges declared illegal. The state of the country also made necessary the payment of members. In the first session after the Union the members of the assembly voted themselves fifteen shillings a day and travelling expenses. In 1859 the amount was fixed for both the legislative council and the assembly at six dollars a day, if the session did not go beyond thirty days, and at $600 in all if it did, with ten cents a mile travelling allowance.[1]

## The Legislative Council

The fortunes of the assembly were tranquil as compared with those of the legislative council. After the Union everything possible had been done to rehabilitate this body. Sydenham ' affixed an engagement on the part of the members *bona fide* to give their attendance, and not convert this high trust into a mere mark of distinction, as had formerly been too much the case.' He chose men of standing, scarcely any of whom held office under the crown. He passed over the judges of the common law courts, appointing only the vice-chancellor of Upper Canada to preside. He omitted churchmen on the ground ' that it would be very inexpedient to require any Prelate or Minister to divert any portion of his time from the performance of his higher duties in order to engage in political discussions within the Council.' Yet, in spite of these excellent arrangements, the council soon fell into disrepute ; the average attendance during the session of 1846 was only fifteen out of a membership of thirty-four, and the conviction became general that the power of nomination resting in the hands of the administration provided it with too ready an opportunity of affecting the character of the chamber. The charge that the Baldwin-La Fontaine

[1] An intermediate stage was reached in 1849, when the members of the assembly received twenty shillings a day and sixpence a mile. The salary of $100 a year drawn by each member of the executive council was continued by Sydenham as having come from the beginning of the office. Metcalfe, however, took advantage of the resignation of the ministers in 1843 to abolish the salary.

ministry had added six members in order to carry the Rebellion Losses Bill, which passed by a majority of four, found countenance even in the House of Lords.[1] A still further explanation of the dissatisfaction may be found in the ground-swell of discontent which continued, especially in Lower Canada, since the stormy days before the Rebellion when the legislative council had been attacked as the stronghold of the irresponsible executive.[2]

The situation could not escape the notice of the governor. In 1848 Elgin described the legislative council as worse than useless: it had no weight whatsoever in the community. A government which counted on it to resist the majority in the assembly would rest on a broken reed, while, if creations were made to bring the two bodies into harmony, the changes would be denounced as appointments made in the interests of the administration and, by a false analogy, as parallel with attempts to pack the House of Lords. In his opinion the only way of reforming 'the weak part of the constitution of our North American colonies' was to introduce into the council the elective principle; high qualifications for the electors might be established, based not on property but on their having held certain offices or situations as members of the assembly, mayors, or, in large towns, councillors, etc. The general list of electors could be formed in this manner for the whole province, and then, to secure the representation of different interests, it might be provided that an election should never be held when there were fewer than three vacancies, and that each elector, having as many votes as there were vacancies to be filled, should be allowed to give them all, if he pleased, to one man; thereby the minority would be ensured a fair representation. The members might be chosen for life, though in the event of an irreconcilable

[1] House of Lords debate, May 15, 1849. Lord Brougham contended that while some twenty appointments were made under Sydenham, five under Bagot, and six under Metcalfe, during ten months of Elgin's régime twelve members had been nominated. However, Sydenham seems to have made twenty-two appointments, and Bagot seven. It was also pointed out by the home government that the increase in the council under Elgin had been agreed upon before the Rebellion Losses Bill came up.

[2] 'The elective Legislative Council has always been a standing dish with revolutionary parties.' Elgin to Grey, August 7, 1849.

quarrel between the two houses a majority of two-thirds in a newly elected assembly could carry an address for the dissolution of the legislative council, and the crown could be empowered to dissolve it. By the following year Elgin had abandoned his difficult scheme for securing a class of experienced electors, and was ready to accept the same voters as those who chose the members of the assembly, provided there were the necessary differences in the time and mode of election.

The movement against the upper house reached a head in 1853, when the assembly petitioned the home government for leave to remodel it on the elective principle. The governor-general supported the petition, though he recognized that 'difficulties of execution and detail of a very formidable character present themselves, when the attempt is made to combine two elective chambers with a system of government conducted on the rules of British constitutional practice; difficulties, it may be observed, for which no solution is afforded by precedents drawn from the United States, inasmuch as Parliamentary Government and Ministerial Responsibility in the British sense of the term are unknown to the constitution of that country.' The measure which accompanied the petition of the legislative assembly proposed that the same constituency as that which elected the lower house should choose the upper. This, in Elgin's judgment, was better than that 'a pretence should be afforded for raising a prejudice against the former body and weakening its moral influence by the allegation that it represented only a privileged class.' In other respects, however, the legislative council would hold a stronger position. Composed of sixty members, thirty from each part of Canada, it would represent larger constituencies. Its members would sit for six years, one-third retiring every two years, which meant that they would at once enjoy the confidence based on a long tenure of office and at the same time be kept closely in touch with popular opinion. The council could be dissolved only when, in two successive sessions and after a six months' interval, a bill passed the assembly twice, and on the last occasion by an absolute majority of the members. The

qualifications of age, fortune and previous service were to be comparatively high; a member must be at least thirty years of age, and either own property of £1000 or upwards, or have been a member of some legislative body.[1] The upper house would be still further strengthened by a clause in the same bill removing the money qualification for members of the assembly. It would profit, moreover, by the experience of the present members, who were to retire in two sections chosen by ballot, after a lapse of two and four years. These provisions 'would, it might be hoped, give to the council a considerable weight in the political scale and render a seat in it an object of ambition to the leading statesmen of the Province. On the other hand, it was not proposed that the contemplated change in the Council should have the effect of abridging in any respect the privileges whether as regards money-votes, or other matters which the practice of the constitution had conferred on the Legislative Assembly.'

The arrival of the assembly's address in England raised the same constitutional question which had already been presented by the clergy reserves. As the Duke of Newcastle informed the House of Lords, there were three courses open to the home government. It could adopt the draft bill submitted by the Canadian assembly, which would mean that the Lords and Commons settled the matter on their own responsibility, or it might ask for another bill and confirm it by act of parliament, or, finally, it might leave the matter to the colony by repealing that part of the Act of Union which determined the character of the legislative council. The first method would prevent a quarrel between the assembly and the legislative council in Canada, the second would leave an excellent opportunity for a quarrel; both would involve an assertion of the powers of the imperial parliament. The last method was the simplest and most direct. Action would be still further facilitated if the requirement that colonial bills should lie thirty days on the table, which had been dispensed with in the case of the clergy reserves, and which might give time for private parties to

[1] *E.g.* the legislative council or assembly in Upper or Lower Canada, or one of the existing houses.

interfere, could be let drop. In the House of Commons Frederick Peel urged that Canada should be given power to make the necessary change in its constitution. Colonies which received their institutions from the crown were at liberty to alter them ; or, where a constitution was granted by parliament, the power to amend it could be expressly conferred as in the case of the Australian colonies. Canada had not been granted the privilege in 1840, because a large part of the population was regarded with distrust. Responsible government, however, had removed all cause for alarm. There had been no revolutionary outbreak in Canada in 1848, the civil list had been respected, and the party system substituted for the rancour of factions.

Yet by leaving the matter in the hands of the local authorities the home government could not escape responsibility for the proposed change in the legislative council, since every one knew what the fate of the council would be if it were committed to the mercy of the colony. The ministers contended, therefore, that the alterations would strengthen the upper house. It had been difficult to find good men, and the members were likely to become subservient to the government in power. No aristocracy existed in the colony, no belief in the hereditary principle, so that it was idle to look for any firmly established body like the House of Lords. The attempt to set up an aristocracy had failed, and even the author of the act of 1791 had admitted that the time might come when the upper house would be elected. Elected second chambers had been created in Australia and at the Cape. In 1850 New Brunswick, with the approval of its governor, had asked permission to change its constitution in the same direction, and had been accorded the privilege by the colonial secretary. Hence the step proposed in Canada could not be considered foreign to British constitutional practice.

Against the case presented in favour of its destruction the legislative council and its friends naturally urged a great variety of arguments. Lord Derby, who four years before had admitted that the influence of the ministry over the legislative council might induce him to accept the elective principle, was now convinced that so far from being

conservative, the measure suggested would lead straight to democracy, republicanism, separation from Great Britain, and the election of the governor. The dissolution of the council was to be compelled by a method which would destroy the independence even of the House of Lords ; the age limit was low, and those who had been members of the assembly could enter by a back door without any property qualification. There was no analogy between an elected legislative council and the United States Senate, for the division of powers and the unchanging constitution preserved the status of the latter body. In Canada, on the other hand, nothing would be stable or permanent when the colony by a mere majority vote could throw its constitution into the melting-pot. The existing legislative council could be given more weight and rendered more attractive to prominent men if the governor lent it his support. Lord Derby's arguments found some echo in the House of Commons, where it was also pointed out that the term of years was longer and the property qualification higher at the Cape.

The same fear, that the proposed change would open the flood-gates of radicalism, found expression in Canada in the petition presented by the legislative council as a counter-blast to the address of the assembly. Elgin himself had observed that radical organizations were advocating the measure in the hope that the elective principle would spread throughout the constitution,[1] and in the course of the Canadian debates George Brown remarked that, while the bill was upheld by conservatives as a means of strengthening the upper house, it was supported by radicals for exactly opposite reasons. Brown himself, however, attacked the proposals not, like English statesmen, because they would prepare the way for unrestrained democracy, but because the election of the legislative council would involve a departure from the British system as reproduced on colonial soil.[2] As the existing council had already urged in its address, 'the royal

[1] Elgin to Grey, October 25, 1849. A motion to elect sheriffs, clerks of the peace and registrars was introduced into the legislative assembly on November 9, 1854, and given six months' hoist.

[2] Baldwin had been of precisely the same mind when a similar change in the council had been suggested to him. Elgin to Grey, March 23, 1850.

authority would be brought into direct contact with the two Houses, both deriving power from, and owing responsibility to, the people. . . . Jealousies would be fostered between bodies each equally assuming to represent the people and the chances of collision between them increased.' It would no longer be possible, in Brown's opinion, to fix the centre of gravity in the constitution. Ministerial responsibility would disappear, for no one would be able to determine which house should hold the ministers accountable. Brown saw looming up the spectre of an autocratic ministry which would shield itself now behind one house and now behind the other, and which no power in the state could dethrone. If it were really desirable to strengthen the legislative council, the end could be reached by the appointment of better men, as had been done in Nova Scotia and New Brunswick, where the agitation for an elected second chamber was thus rendered ineffectual. For himself, he preferred the weak, spineless legislative council which his opponents described. Such a body could never become an obstacle in the path of reform, and the assembly would be free to deal with the ministers to its own liking.

The advocates of the change were less concerned, however, to secure harmony in the constitution than to provide a strong and efficient upper house, and, once in possession of the authority to reshape the council as they saw fit, they made their intentions perfectly clear by introducing a second and much more conservative measure in 1855. The term of office was lengthened from six to eight years, one quarter of the members going out every two years. The body was reduced in size from sixty to forty-eight members, twenty-four from each part of the colony, and the old members instead of being guillotined in batches, as the first proposal required, were left to be a conservative leaven in the new body. Even the power of the governor to dissolve the council in case of deadlock was removed. The ministers thought that any such prerogative would either bring about the same evil as the power of nominating councillors which the government formerly possessed, or would result in an endless series of dissolutions. They were satisfied that

without special machinery good working relations could be established between the two houses. The lower house would think twice before risking a conflict; if, however, it decided to do so, its leaders could go to the country and, once sustained there, they would be almost certain to find the legislative council tractable. The fact that in any case one quarter of the members of the upper chamber were to be newly elected every two years would render adjustment easier. At the same time, since the assembly alone enjoyed the right to initiate money grants and would come more frequently from the people, it was bound to remain the dominant house and to keep its hold on the ministers. Sir Edmund Head considered that the withdrawal of the power to dissolve the council was to be welcomed by the governor, for it would keep the crown and its representative out of any possible quarrels and thereby improve the system of government.

The second reading of the bill was carried in the assembly by eighty votes to four, with the minority, as the governor reported home, not belonging to one party or opposing the measure on common grounds. The numbers probably furnish a true index to popular feeling. The legislative council, however, held out until the following year, when after its amendments had passed the assembly, it accepted its fate. The clause enacting that no councillors should be nominated hereafter by the crown was struck out; arrangements were made for introducing the elected members into the existing chamber and the qualification was raised from £1000 to £2000. Four years later the council was empowered to elect the speaker, whose appointment had under the act of 1856 rested with the governor.

The advocates of the change had maintained that the new body would act with vigour and serve as a real check upon the popular assembly. They were not to be altogether disappointed. The remodelled council was opposed to the transfer of the seat of government to Quebec, and, when a supply bill came before it in 1859, it objected that no item to cover the expense involved by the transfer was inserted. It had evidently hoped that the appearance of such an item

would offer an opportunity of voicing its protest against the policy of the government. In the circumstances it could only declare that it would not sanction the bill of supply until satisfactory assurance had been given that a temporary removal would not take place.[1] This, in the opinion of the governor, meant 'objecting because the Bill was unobjectionable.' Though the consent of the council was necessary to money grants, it had no recognized power of originating money votes, altering the amounts, or changing the appropriation. If, however, it could say, 'We will not vote supplies unless they insert a particular item in the bill,' what became of the exclusive right of the crown to initiate money votes or anything else? Head believed that the crown could choose the place for meetings of parliament, and that its judgment need only be acquiesced in by the assembly. A quarrel was avoided by the action of the speaker, who ruled the protest out of order. But the vote of twenty-four to twenty in favour of the supply indicates the feeling of the council. The danger remained that it might wrest from the assembly control over finance,[2] and Head admitted that, in forfeiting the power of dissolution in order to strengthen the upper house, the ministers had possibly gone too far. Five years later Monck was told 'that the elective Upper House showed a growing desire to claim a voice in the imposition and appropriation of taxation.'

We may conclude, therefore, that while the elected council was somewhat more vigorous than its predecessor, it had scarcely succeeded in finding the most natural or useful channel for its energy. It had abandoned the wide field of legislation for the disputed territory of finance. The result was a certain uneasiness in the public mind. Men wondered if they had not set up an engine for their own destruction, if they had not divided the sovereignty between two elected

[1] An amendment to this effect was introduced into the legislative council on May 3, 1859.

[2] During the discussion on the supply bill in the legislative council, May 18, 1860, a motion was introduced 'that it was inexpedient, taking into consideration the heavy charges upon the Consolidated Revenue Fund of the Province, to abolish the tolls at present charged on merchandise and vessels passing through the Provincial canals.' It was ruled out of order.

bodies, and thereby weakened ministerial responsibility. Hence, at Confederation, George Brown's argument that the nominated upper house corresponded more closely with British tradition carried greater weight than it had done ten years before. Other factors in the situation also told against the existing council. As John A. Macdonald contended, the character of the electoral districts had rendered the elections difficult and expensive, and there had not been such an improvement in the type of member as to justify his original expectations. It has been said that this was a characteristically indirect way of putting the fact that as party leaders both he and Brown found the expense and trouble of conducting the second set of elections too severe a strain upon the party funds and machinery. However that may be, we are safe in assuming that the old difficulty of securing active and painstaking members had not been overcome. Finally, we must take into account the attitude of Nova Scotia and New Brunswick, which were familiar only with a nominated council and would not accept any other form. For all these reasons the experiment had to be abandoned.

Yet all parties at Confederation were agreed that they should carry out the purpose which had suggested the change to an elected council, that of making the revising body vigorous and independent. They hoped that the duty of representing the several provinces which was now imposed upon the Senate, the class from which it would be drawn, the limitation upon its numbers and the life-tenure of office, would lend it dignity and strength. They did not feel, however, that it would be so likely as an elected chamber to come into conflict with the lower house, since the ministry possessed the power to nominate its members. The non-hereditary character of the office was a still further guarantee that the Senate would not hold out against the genuine wishes of the people. Hence, the Canadian delegates ignored even the advice of the home government, that some safeguard against an arbitrary use of its authority should be devised.

## IV

## CONFEDERATION

### The Failure of the Union

THE development of responsible government and the changes in the legislative council made necessary several amendments in the Act of Union. The intention of those who framed the measure had undoubtedly been that it should be accepted as a final solution of the Canadian question ; in 1843 Stanley urged upon Metcalfe that Canadians should take the act to be *un fait accompli* and, instead of seeking to destroy the very basis of their constitutional existence, devote their energies to the improvement of the country. It has never been found possible, however, even by the most carefully constructed documents, to set limits to the growth of a people. Resolutions were introduced in the very first session of the new Canadian legislature insisting upon the purely temporary character of the Act of Union, while, as the country gained confidence in itself, the system which placed the management of its affairs elsewhere inevitably broke down. The provision by Canada of the civil list, the removal of the restrictions laid upon the official use of the French language, the transformation of the upper house, all made serious breaches in the act. Even the specific precautions against too rapid and too easy changes in the constitution, that in certain cases bills of the legislative council and assembly of Canada should be laid for thirty days before both houses of the imperial parliament, and that a bill of the legislative council and assembly altering the number of representatives in the legislative assembly should on its second and third reading in the council and assembly be passed with the concurrence of two-thirds of the members of both bodies, were abandoned.[1] It was estimated in 1860 that thirty out of the sixty-two clauses in the act had gone by the board. Still, the explanation of its ultimate failure lay deeper.

Lord Durham had expressly warned the authors of the

[1] The Union Act Amendment Act, 1854.

Union against any attempt to favour the English minority, 'by means of new and strange modes of voting or unfair divisions of the country.' A system of representation based on the census returns would have blotted out the interprovincial line at least for electoral purposes. When, however, the two existing provinces were each assigned an equal number of members in the assembly a permanent barrier was set up. They might in any case have retained their own laws and judicial procedure, but so far from neutralizing the evil effects which this division would have involved, the electoral arrangements increased them. Each section of the country had its representatives in the ministry and in the party councils, and John A. Macdonald could contend at Confederation that the Canadian settlement of 1840 corresponded more nearly with a federal than with a legislative union. But the punishment which the neglect of Durham's advice entailed did not stop there. The division into Canada West and Canada East, serious as it would have been in itself, meant that the representation could not be based on population so long as the Union endured. Canada East suffered at the time, Canada West later, and the one or the other section always enjoyed a vested interest in injustice. When, therefore, the Act of Union is described as Lord Durham's solution of the Canadian problem, we should always remember that where the act departed from his instructions the germs of decay and dissolution entered in.

With the various stratagems by means of which the politicians of the period tried to ride the two horses we are not concerned, except in so far as they illustrate the working of the constitution. It immediately became obvious that if the party line could be drawn at right angles across the provincial line, some of the worst effects of the separation between the two parts of the country would be overcome. The parties attempted, therefore, to unite in their ranks both French and English members. It proved difficult, however, to retain the party divisions, especially among the French. 'Their coherence enabled them to organize a powerful opposition to any Ministry from which they were excluded, but it no less certainly provoked among the British both of Lower

and Upper Canada a feeling of antagonism to one of which they formed a part.'[1] In fact, the government of Canada could scarcely be prevented from becoming a seesaw ; when one section of the country was up, the other was down. This situation gave rise to the demand that the administration should possess a double majority—a majority, that is to say, in each half of the country. When, under Lord Metcalfe, after the resignation of Baldwin and La Fontaine, the French had little or no voice in the government, the necessity for a double majority was urged in Lower Canada.[2] When the tables were turned and the majority of the French representatives, but a minority of the English, supported Baldwin and La Fontaine and later the conservative administration, the demand came from the English side of the house. Yet it cannot be said that the double majority was ever accepted either as a principle or a convention of the constitution. Party leaders would have been only too glad to secure it, and in opposition they were sometimes ready to insist upon it, but they were not deterred from holding office by a failure to command it. The governors consistently opposed it. Though Sir Edmund Head in 1856 'looked on MacNab's resignation as a virtual dissolution of the existing administration, he did not by this admit or sanction in any way the doctrine of double or sectional majority as necessary to a government in Canada. On the contrary, he stated unhesitatingly that it was a doctrine at once irrational and unconstitutional, and if carried out might involve the consequence of a ministry being obliged to resign although the party by whom they were defeated did not and could not possess the confidence of the Legislative Assembly.' When the new ministry was constituted, the governor 'told Colonel Taché that he expected the Government formed by him to disavow the practice of a double majority.' The idea lingered, how-

[1] Elgin to Grey, April 26, 1847.

[2] General Cathcart, writing to Gladstone on April 24, 1846, referred to Draper's attempt to get in the French Canadians, 'without yielding to unreasonable demands or admitting the principle contended for by Mr La Fontaine, the governing of the united province by the majority of each section of it, the evils of which are too manifest to require notice from me.' It is well known that Baldwin was strongly opposed to the double majority.

ever, and to those who could not accept representation by population seemed to offer the only escape from what they regarded as a fundamental change in the whole constitution. The ministry of John Sandfield Macdonald, for example, 'though formed in part of advocates of representation by population, decided to oppose any revision of the representation in the sense of making population its basis.' But it was stated, in order in some measure to meet the views of Upper Canadians, that the government on questions of a local character should secure not merely an absolute majority of the house, but also a majority of the representatives of that section of the province to which the measure under debate especially applied. The governor-general, however, 'felt at the time that this arrangement was vicious in principle and impracticable in action, but as it only assumed the form of an understanding amongst the members of the Administration, he did not think it advisable to carry his opposition to it so far as to prevent the formation of the Ministry, feeling convinced that it must be abandoned in practice.' His judgment proved sound, and, when the ministry decided to appeal to the country, he was able to announce that 'no change had been made in the general policy of the Administration beyond the abandonment of the double majority practice and making the question of representation an open one.'

Yet, while the double majority was not, and could not be, insisted upon, legislation affecting exclusively the one or the other section of the country was referred to the members from that section. John A. Macdonald described the practice in his Confederation speech and compared it quite properly with the custom of the British house, which still requires that proposals to change the law of Scotland shall be dealt with in committee by the Scottish members. This device, however, did not satisfy the advocates of representation by population. In their opinion Canada was a badly set limb which had to be broken a second time before it could knit firmly. Hence, during several years before Confederation they pressed for an arrangement which would leave to each part of the country the management of its own affairs, while entrusting to the central government those matters in

which the interests of both parts were affected. They had not worked out the scheme in detail, but it seemed to imply that the local legislature would be given final authority, and that the common body would be little more than a committee or a conference. How the central government was to enforce its decisions, how common and local affairs were to be distinguished, and how an agreement was to be preserved between the two provinces, they did not accurately determine. It may safely be said, however, that if the proposal had been carried out, Canada would have become at best a loose alliance of two independent states, as were Norway and Sweden until a few years ago. Fortunately, the pressure of events was driving together all the provinces of British North America, and those in Canada who demanded representation by population had the good sense and patriotism to see that they could gain their point by sinking their plan in the larger scheme of Confederation. The settlement of 1867 left local affairs to those immediately concerned and, by making Quebec the unit, provided for the automatic adjustment of the representation to the population.

Confederation cannot be regarded, however, as a solution of Canadian problems only. It was intended also to remove the difficulties experienced by the neighbouring colonies. The means of uniting British North America had long been sought by imperial statesmen. In adopting a legislative union for Upper and Lower Canada instead of his original scheme which would have divided the two provinces into three sections as the units in a federation, Lord Durham looked forward not merely to creating a community of feeling in Canada, but to extending the system so as to include the adjoining colonies. At the beginning of his correspondence with Elgin, Lord Grey inquired what prospect there was of doing anything to effect a closer union of the British dominions than at that time existed. The governor replied that the constitutional difficulties were very great. It was doubtful

> whether the free and independent legislature of British North America could ever be induced to consent to grant to delegates even of their own naming such powers

> as the well-drilled, bureau-ridden council and diets of Germany conferred on their representatives in the Zollverein. On the other hand, if an attempt were made to create a federal system on a more extended basis after the model of the United States, the central body, having no foreign policy, army, or navy, etc., to manage, would either occupy itself in doing mischief or in the discharge of duties which then devolved upon the Provincial Legislatures. In other words a federal could hardly fail to become either a nuisance or a legislative union.

Lord Elgin felt, however, that in certain circumstances it might be judicious to introduce the federal scheme as a step towards the accomplishment of a closer union. As to the desirability of some bond of union Lord Grey had no doubt, though he recognized that the questions whether the union ought to be legislative or only federal—and if federal, whether it ought to be more or less complete—would have to be answered according to the state of the public mind when the measure was adopted. Elgin's complaint about the smallness of the numbers in the legislative assembly seemed to point to a legislative union coupled with an improved municipal organization as the goal. He was confirmed in his conviction that something should be done by Lord John Russell, who in a letter to him reverted to the old idea of forming a union of all the British North American provinces in order to give the inhabitants something more to think of than mere local squabbles. Russell went so far as to say that if a separation of the two Canadas were necessary to bring this about he could see no objection. No immediate steps were taken, however, for Elgin realized how seriously local interests would object to a legislative union, while in a federal union the federal legislature would have almost nothing to do. He reaffirmed his previous opinion that 'a Congress without foreign relations, armies and navies and ambassadors would be a very insipid concern.' Lord Grey agreed that it might indeed be difficult to find an occupation for the federal legislature without transferring to it what belonged to the imperial government.

As Lord Elgin had foreseen, the obstacles in the way of a legislative union proved insuperable. Lord Monck, the

governor-general at the moment, expressed the opinion that 'there would not have been much difficulty in obtaining the consent of the Quebec Conference to a complete legislative consolidation of the provinces if it had not been for the extreme, and in his opinion unfounded, jealousy of the French population of Lower Canada lest their peculiar rights and institutions might be interfered with by the general Government.' The absence of any complete municipal system in the Maritime Provinces made it still more difficult to contemplate a legislative union which would necessarily have depended to such a great degree on the vigour and independence of municipalities. The long-established local traditions of these provinces also hindered them from entering into any closely knit scheme. Hence, though the home government and Macdonald pressed for a legislative union, the result was a federation in which the legislative authority, instead of being localized at one point in the state, rested with two separate bodies.

> The Central Government was given those high functions and almost sovereign powers by which general principles and uniformity of legislation might be secured in those questions which were of common import to all the Provinces; and at the same time each Province retained so ample a measure of municipal liberty and self-government as would allow it, and indeed compel it, to exercise those local powers which it could exercise with great advantage to the community.[1]

The provinces were assigned their peculiar spheres of activity, such as education, within which they were supreme. They were expected to set up their own legislative and executive machinery. They exercised large powers of taxation and received substantial subsidies from the central government.

Yet the impression prevailed among all those who had to do with Confederation that the Union was both strong and close. Even the badly cemented Union of 1840 had prepared the two sections of Canada to yield more than as separate provinces they would ever have consented to give up, apart altogether from its effect in teaching Canadian

[1] Carnarvon in the House of Lords, February 19, 1867.

public men to work together and to appreciate different points of view. But perhaps the strongest force making for unification was the respect of all parties in Canada for the crown. There was to be no breach in Canadian history, no separation from the throne. The monarchical principle was accepted as a fundamental condition of the constitution. The governor-general was to stand at the head of the state, discharging the functions of a constitutional sovereign. The flood of democracy which at each presidential election submerged the United States administration was to be kept back in Canada by a chairman of the nation, placed by reason of his appointment and dignity high above local controversies. Canadian statesmen had never been in sympathy with unrestrained democracy. They had always dreaded the tyranny which majorities could exercise. Hence they shrank from setting up a ruler like the president of the United States who was 'the leader of a party, and obliged to consider himself as bound to protect the rights of a majority.' The monarchy retained their devotion, because on the one hand it secured popular government, and on the other preserved the tradition of fair dealing and justice between strong and weak.[1]

The imperial connection had the second important result of throwing into the hands of the federal parliament the residuum of authority. The British North American provinces were not like the American states, independent communities which came together for the purpose of giving something away. In that case they would have been almost bound to keep what was left for themselves. They had merely drawn small shares of authority from the imperial parliament in which all authority reposed, and, at Confederation, they were simply handing back their holdings in order that the imperial government might make a new allotment. The imperial government had everything to give. It gave, therefore, certain well-defined powers to the provinces, but left the surplus authority with the federal body. The

[1] See Pope, *Confederation Documents*, p. 56. Lord Monck believed that in the electoral system 'an endeavour would be made so to distribute the members as to obtain a representation of *classes* similar to that which prevails in England' (Dispatch, November 7, 1864). He wished to have the monarchy shielded by some form of aristocracy.

central parliament was granted, in addition, some specific prerogatives, the exercise of which was intended to keep the provinces in check. It had the power of disallowing their legislation, and it appointed the lieutenant-governors.

The result of these arrangements was expected to be such a strong and vigorous body at the centre that, in the judgment of Lord Monck, Canada would not be a federation at all. He proposed, however, that a still further safeguard should be provided to prevent any province from becoming an *imperium in imperio*, by the introduction of a rule analogous to that in the British House of Commons with regard to education, religion and trade,

> that no Bill could be introduced on any of these subjects without having its principle first affirmed by a resolution in a committee of the whole House. It would be easy to provide that no such Bill should be introduced into the Commons of all the Provinces without its principle having first been affirmed by the resolution of a committee consisting of all the members from Lower Canada. This would put the rights of Lower Canada under the protection of the members in the general parliament, not under the local legislature, and would have the effect of protecting the French and English alike in Lower Canada. It would remove the blot on the Quebec plan whereby legislation affecting property and civil rights and the administration of justice in civil cases were left to the local governments.

Though his interesting suggestion was not adopted, the governor, on the eve of the final adoption of the measure, could still assure the colonial secretary that ' the members at Quebec wanted a strong central power, and that a majority of them would rejoice if the imperial government should be governed by their principles rather than by the expressed deviation from them.'

## The British North America Act

How far the plans for strengthening the federal government were successful can be seen from an examination into

the working of the British North America Act.[1] It need only be said here that, while 'the provincial bodies have not, as was hoped, approached more nearly to the character of municipal institutions, the distinct advantage possessed by the division of powers of leaving to the several provinces much of that private and local business which in England was discharged by Parliament at so much cost to the suitors and so much inconvenience to the members,' has been fully realized.[2] What has proved to be the main flaw in the system, that in some departments both the central and local governments exercise jurisdiction, received at the time little or no attention. No one anticipated the warning which Sir Wilfrid Laurier recently felt called upon to give to the framers of the South African union: 'Above all else, beware of the pitfall of concurrent jurisdiction.' Confederation was in fact a rather awkward compromise. A few public men had made up their minds as to whether the Union should be legislative or federal, but hardly any one had worked over the ground to convince himself or others as to the character of the forces making in one direction or the other. Confederation became, therefore, a political arrangement, not the expression of definite and well-founded principles, as was the case with the recent South African union. There were many ragged edges in the agreement. A more careful wording of the preamble to the clauses which specified the powers of the Dominion parliament would alone have done much to prevent subsequent confusion. There was much ill or half expressed which we have been interpreting ever since as the obvious intention of the Fathers of Canada. The further we go the clearer become the defects of a paper constitution, and of judicial decisions as the only outlet for a nation's progress. It is to be hoped that by failing to provide machinery for amending the British North America Act, similar to that which now exists in Australia and South Africa for a similar purpose, we have not tied our hands.

[1] See 'The Federal Constitution' in section IV.

[2] Cardwell to Monck, February 28, 1867.

## V

## THE JUDICIARY

### Judges independent of the Crown

THE same influences which we have seen altering the character of the administration in Canada, namely, the desire for self-government and the development of the country, affected the judiciary. The earlier colonial system embodied the Baconian principle that 'judges should be lions, but lions under throne.' The two parts of the government, the executive and the judicial, were interlocked. The judges held their places at the pleasure of the crown; they could sit at the council-board beside purely executive officers; a court like the Court of Appeals in Upper Canada was composed of the lieutenant-governor or chief justice of the province, and two or more members of the executive council. The break-up of the old system and the transformation of the executive which we have already described set the judiciary free. In 1843 an act of the Canadian legislature declared it 'expedient to render the Judges of the Court of King's Bench in that part of this Province which heretofore constituted the Province of Lower Canada, independent of the Crown.' Such judges were hereafter to hold their offices during good behaviour, not during pleasure, and they could be removed only on a joint address of the legislative council and the legislative assembly. In 1849 the same principle was applied to the Court of Queen's Bench and the Superior Court newly constituted in Lower Canada, and to the Courts of Common Pleas and of Chancery in Upper Canada. The only exception seems to have been made in the case of the District Courts which were created for Upper Canada. By the act of 1845 appointments to these courts were to hold during good behaviour, but a year later the clause was withdrawn: the judges were to retain their offices during pleasure, and the governor was free to remove them without an address from the legislature, though he was required to give cause and

reason to the legislative council and assembly. In 1857, however, this practice was altered in the County Courts, which had superseded the District Courts. The judges holding office as well as those appointed thereafter were to hold office during good behaviour, provided always that the governor could remove a judge for inability or misbehaviour when such inability or misbehaviour should have been established to the satisfaction of the Court of Impeachment. This was to be a Superior Court of Record composed of the chief justices of Upper Canada, the chancellor and the chief justice of the Court of Common Pleas. Meanwhile the removal of the judges from the executive and legislative bodies was being made complete. No justice in any of the courts established in Lower Canada was allowed to sit or vote in the executive council, or in the legislative council or assembly. The privilege of sitting to the end of the existing parliament which was conferred in 1841 on the District Court judges of Upper Canada could not be renewed after the act of 1846. The judges in the other Upper Canadian courts were likewise restricted to the discharge of their peculiar duties.

### Growth of the Judicial System

The main influence, however, which kept reshaping the judiciary was the opening up of the province. Justice had to follow the settler. The judiciary changed and expanded constantly in the face of new conditions. In 1841 District and Division Courts were established in Lower Canada, only to be abolished two years later, giving place to Circuit Courts. These several Circuit Courts were united into one court by the act of 1849. The same year saw the several Courts of Queen's Bench in Lower Canada replaced by a Court of Queen's Bench, made up of four judges, and exercising appellate civil jurisdiction, jurisdiction of a Court of Error and original criminal jurisdiction. At the same time a Court of Record of civil jurisdiction was formed with ten judges, possessing original civil jurisdiction throughout Quebec. Some years before, in 1843, provision had been made for the appointment of commissioners who would hold

summary trial of small causes. In 1852 an act allowed for the appointment of justices of the peace in remote parts of Lower Canada. The important act of 1857 simply developed these principles. The territory, which had been divided into seven judicial districts, was now to comprise nineteen: a fourth puisne judge was to be added to the Court of Queen's Bench, making five judges in all, and the court was to be a Court of Error in criminal as well as in civil cases; the Superior Court was to be increased to eighteen judges; the Circuit Court was to hold sessions in many of the counties, and arrangements were made for the meeting of courts of Quarter Sessions in new sections of the country. The preamble to the act expresses quite clearly the character of the forces which were moulding the judicial system:

> Whereas the increasing wealth and population of Lower Canada, the recent subdivisions thereof into counties for the purposes of representation in Parliament, and the establishment of a complete and effective municipal system therein, render it expedient to provide more generally for the local administration of justice in every class of cases.

Meanwhile successive steps had been taken to ensure the maintenance of justice in Gaspe, which finally came under the arrangements of 1849 and 1857.

Reference has already been made in another connection to the establishment in 1845 of District Courts for Canada West. Little else of moment was done until the great year 1849, when there were set up the Court of Common Pleas, with three judges, the New Court of Chancery, and a Court of Error and Appeal, formed by the judges of the Court of Queen's Bench, the judges of the Court of Common Pleas, and the judges of the Court of Chancery. The revolution in the Court of Chancery was due mainly to the pressure of business. The governor-general was chancellor, but the judicial duties of the office had always been discharged by the vice-chancellor. The latter proved unable to keep his head above the flood of cases pressing upon him, so that a commission had to be appointed in 1844 to 'make diligent inquiry whether and what alterations could be made in the

practice' of the court. As a result of the commission's report, an act was passed in 1849 determining that the court should consist of a chancellor and two vice-chancellors, that the judges should hold office during good behaviour, subject always to removal by the governor or person administering the government upon the address of the two houses of the provincial parliament. The act also empowered the judges to make such rules and orders and such changes in procedure as would improve the working of the court. After 1849 we move again from the centre of the judicial system to the circumference. The erection of the counties into units for local government meant that the District Courts of 1845 had to be superseded by County Courts in 1851. To these equity jurisdiction was entrusted two years later. In 1850 the practice of Division Courts within the counties was regulated and their jurisdiction extended. The chief interest of the period, however, lies in the attempts 'to make better provision for the administration of justice in the unorganized tracts of country.' Even the bald language of the statute cannot conceal the romance which surrounded exploration and settlement in this new world. In the territory 'bordering upon and adjacent to Lakes Superior and Huron, including the Islands on those Lakes which belong to this Province, and also all other parts of Upper Canada which are not now included within the limits of any County or Township,' it was necessary

> to provide for the laying out of roads and for the general well-being and protection of those who may resort thither for purposes of settlement or temporary residence connected with mining, lumbering or other business pursuits, and to deter evil disposed persons from inciting the Indians and half-breeds frequenting or residing in those tracts of country to the disturbance of the public peace, or to the committing of any other indictable offence, and to prevent and punish such disturbance of the public peace and violation of the laws.

Hence the acts of 1853 and 1857 allowed the governor to arrange for the appointment of judges and for the holding of courts in provisional districts.

While carrying through a difficult and serious surgical operation on the constitution of Canada, the makers of Confederation left its judicial organs practically undisturbed. The British North America Act merely determined that the appointment of the Superior, District and County Court judges in each province, except those of Probate in Nova Scotia and New Brunswick, should rest with the governor-general. It left room for the constitution of a Court of Appeal for Canada, and for the establishment of any additional courts for the better administration of the laws. The failure to set up at once a Supreme Court, resembling that in the United States, for the interpretation of the constitution, was remarked upon in the House of Commons. The colonial secretary admitted that the omission constituted a defect; 'but the point had undergone consideration by the delegates, who thought it would be better to leave things in this state,' that is, to let the colonial courts and then the Privy Council decide the cases as they arose. Though the Supreme Court was soon established, Canada has nevertheless maintained the Privy Council as the umpire in its constitutional disputes.

While increasing beyond measure the dignity and importance of British North America, the Confederation Act did not fundamentally alter the character of the connection between the colony and the Empire. The request of the delegates that the new community should be described as the Kingdom of Canada was refused. There is reason to believe that the home government was influenced not so much by unwillingness to alarm the United States, as by the fear that the creation of a kingdom might ultimately disturb the balance of the imperial constitution. A sovereign ruling over two such states might easily be persuaded to use his influence in one as an offset to the will of the other. The relations between England and Scotland, as later between England and Hanover, did not encourage British statesmen to convert the Empire into an alliance of kingdoms. Yet the new Canadian government, as Lord Grey and Lord Elgin had foretold years before, was bound to claim larger powers and to encroach on the province of the imperial parliament.

The makers of Confederation intended to meet this contingency by a provision, which has never received due attention, that 'the Parliament and Government of Canada should have all Powers necessary or proper for performing the obligations of Canada or of any Province thereof, as Part of the British Empire, towards Foreign Countries, arising under treaties between the Empire and such Foreign Countries.'[1] Confronted with the necessity of performing our obligations, we might revive the suggestion which Lord Grey put forward in 1851, that 'colonies having responsible government should appoint a member of the Executive Council with a suitable salary to reside in England and communicate with the Government and also make known the opinions and wishes of the colony to Parliament on all questions affecting colonial interests; both Houses would hear him. He would serve better than colonial representatives in parliament and, being a member of the Executive Council, he could exchange duties with his colleagues.'

Yet even this striking proposal does not indicate how decidedly the period between 1841 and 1867 affected the future of the empire. Responsible government and Confederation became examples for the British world, and have resulted directly in the development of what we now describe as colonial nationalities. They have demonstrated, at the same time, that the Briton beyond the seas can find an outlet for his political aspirations within the corners of the Empire. So that, while the years from the Union to the British North America Act saw disappear the old dilemma, that the colony must either be governed from home or must go its way in peace, they saw arise the new principle which is still maintained, that, in the words of Elgin, 'without severing the bonds which unite them to Great Britain, the colonies may attain the degree of perfection and of political development, to which organized communities of freemen have a right to aspire.'

[1] Clause 132, British North America Act.

Edward Kyte

# HISTORY OF PUBLIC FINANCE

1840-1867

# HISTORY OF PUBLIC FINANCE
## 1840-1867

### A Conflict of Interests

OF the problems of reconstruction involved in the union of the Canadian provinces, few were as complicated or as difficult as the establishment of the system of public finance on a safe and prosperous basis. The absence of popular control over the civil expenditure ranked first among the ostensible causes of the revolt against the administration in Lower Canada. Upper Canada was hopelessly in debt. The prospect of finding assistance in bearing its financial burden had inclined the upper province to regard the scheme of union with distinct favour, but at the same time, the danger of being held responsible for obligations which it had not assumed seemed to prejudice the lower province against the proposed union. The Act of Union had apparently settled the question of the civil list; it had consolidated the provincial revenue, and had determined the order of its responsibility for public expenditure. There still remained the task of moulding into one the diverse elements which had formerly constituted two systems of administration, and the still greater problem of the public debt, with its conflicting interests.

The introduction of the element of public responsibility for the administration of the public funds was a distinctive feature of Lord Sydenham's scheme. John Henry Dunn, who for several years had been receiver-general of Upper Canada, was retained as receiver-general or treasurer for the united province, and received official recognition as an adviser of the crown by being called to the executive

council. The office of inspector-general of Public Accounts was continued, but the duties of the office were enlarged so as to include the direction of the general financial policy of the government. Francis Hincks, who was appointed inspector-general in 1842, was admitted to the executive council, and at the same time was required to secure a seat in the House of Assembly. By entrusting the Finance minister with the responsibility of presenting and defending the financial policy of the administration, it was proposed to preserve harmony between the executive and legislative bodies, and thus to avoid the disputes which had proved so disastrous in Lower Canada.

The very heavy debt which the improvement of the waterways had created, placed the united province under a serious financial handicap. According to a statement submitted by Poulett Thomson in June 1840, the annual revenue would be inadequate to meet the estimated necessary expenditure. The following general statement gives a survey of the condition of the province's finances :

| Expenditure | | Revenue | |
|---|---|---|---|
| Interest on debt— | | Ordinary revenue— | |
| Lower Canada | £6,769 | Lower Canada | £107,075 |
| Upper Canada | 65,768 | Upper Canada | 77,234 |
| Payments to the clergy— | | Duties under 14 Geo. III, cap. 88, resumed— | |
| Upper Canada | 5,731 | Lower Canada | 19,665 |
| Charges for civil list | 75,000 | Upper Canada | 15,286 |
| Charges payable by law or usage— | | Crown revenues ceded— | |
| Lower Canada | 12,502 | Lower Canada | 23,400 |
| Upper Canada | 20,978 | Upper Canada | 30,000 |
| Annual vote for civil expenditure— | | | |
| Lower Canada | 64,369 | | |
| Upper Canada | 18,424 | | |
| Total | £269,541 | Total | £272,660 |

On this estimate, an annual balance of only £3119 remained to provide for the contingent expenses of the

legislature—a sum which was entirely inadequate. On the existing revenue basis it was quite impossible for the province to undertake new public works or to launch any scheme of public advantage which involved claims on the public treasury.

## Sydenham's Banking Scheme

The general prosperity of the province depended at this time in a peculiar manner on the state of the public finances. The political disturbances which preceded the Union would at any time have seriously impaired the public credit, but, coming as they did, at a period of general commercial depression, this completely crippled the work on public improvements. In addition, the suspension of operations on the public works, by depriving new settlers of the employment needed to enable them to become safely established, not only destroyed a profitable local market, but seriously reacted on the tide of immigration. The completion of the St Lawrence waterway was confidently expected to open a larger market for Canadian produce. The resumption of activity upon the public works became therefore a matter of the greatest public concern, and Sydenham felt obliged to remind the imperial government of its offer of financial assistance as an inducement to secure the consent of Upper Canada to the proposed union. The actual debt was represented as £1,226,000 sterling, while a further appropriation was needed to render the canals capable of receiving traffic. Under these circumstances Lord John Russell, on the part of the British government, proposed to guarantee a loan of £1,500,000. In submitting this offer to the House of Assembly, Sydenham presented a comprehensive survey of the works which the province would require during the succeeding few years. In the light of this larger policy the imperial loan was entirely inadequate to meet the demands of the province. To finance the new public works, which he estimated would cost £1,470,000, Lord Sydenham proposed a resort to three different schemes. There would remain a balance of nearly £300,000 from the imperial loan after the debt had been

liquidated, while the saving of interest would liberate £15,000 per annum. Sydenham then proposed the establishment of a provincial bank which should enjoy the exclusive right of issuing paper money payable on demand. In this manner the government would secure a loan approximately equal to the difference between the total amount of issue and the amount of reserve for resumption. From this source Sydenham expected an annual revenue of £15,000, while for the balance he looked to a revision of the tariff.

The British government refused to guarantee interest on a loan in excess of the £1,500,000 originally contemplated. Sydenham's banking scheme was forced to give way in the House of Assembly before the powerful interests on which it seemed to encroach. A provincial act was passed, however, authorizing the issue of new debentures to the extent of £1,500,000 sterling, and the redemption of those outstanding. Provision had yet to be made for the financing of the improvements necessary to complete the public works already undertaken. Authority was therefore given the governor to issue debentures to the extent of £1,659,682 sterling. The principal items in this amount were £691,682 for the improvements of the St Lawrence navigation and £450,000 for the Welland Canal. The following year, however, a provincial statute was passed appropriating the funds to be raised for the imperial loan for the purposes of the public works specified in the act of 1841. At the same time a sinking fund for the redemption of the loan was established, chargeable to the Consolidated Revenue Fund, and consisting of not more than five per cent per annum of the principal sum raised.

By 1846 the full amount of this loan had been realized by the issue of provincial debentures for £1,360,000 sterling. The guarantee of the imperial parliament still extended to the sum of £140,000 sterling, which, however, the government could not raise for lack of the authority of the provincial legislature. An act was accordingly passed authorizing the sale of debentures for this amount. During the same session authority was given for floating a loan on the credit of the Consolidated Revenue Fund, which, with the balance of the imperial loan, should amount to £520,833.

## The Tariff under the Union

In accordance with Sydenham's recommendation, the revision of the tariff was undertaken by the legislature in 1841. Certain of the former revenue acts were repealed, while the customs regulations were consolidated in a single statute. The following is a schedule of the duties:

| | £ | s. | d. |
|---|---|---|---|
| Madeira wine, per gallon | 0 | 1 | 0 |
| All other wines | 0 | 0 | 6 |
| Spirits varying from 6s. to | 1 | 7 | 0 |
| Sugar, refined, per pound | 0 | 0 | 2 |
| Sugar, raw, ,, ,, | 0 | 0 | 1 |
| Coffee, green, ,, ,, | 0 | 0 | 2 |
| Coffee, ground, ,, ,, | 0 | 0 | 4 |
| Tea, ,, ,, | 0 | 0 | 3 |
| Molasses or syrups, per cwt. | 0 | 2 | 6 |
| Salt, imported by sea, per ton | 0 | 1 | 0 |
| Tobacco, unmanufactured, per pound | 0 | 0 | 1 |
| Tobacco, manufactured ,, ,, | 0 | 0 | 2 |

Articles not mentioned in this schedule were, with certain specified exceptions, subject to an *ad valorem* duty of five per cent. Complaint was made by the agricultural interests that the burden of the tariff was unequally distributed, with the result that in 1843 duties were imposed on live stock and agricultural produce. In addition, the following duties were placed on provisions:

| | s. | d. |
|---|---|---|
| Bacon and hams, cured, per cwt. | 5 | 0 |
| Meat of all kinds, fresh, ,, ,, | 4 | 0 |
| Meat, salted, ,, ,, | 2 | 0 |
| Butter, per cwt. | 2 | 0 |
| Cheese, ,, ,, | 2 | 6 |
| Lard, ,, ,, | 6 | 0 |

Eggs, 10 per cent *ad valorem*.

These duties remained in force until 1845, when a new and elaborate schedule of duties was drawn up, including practically all articles imported for commercial purposes. Changes were again made in the tariff in the years 1847 and 1849.

### The Civil List

The question of the civil list, which the British parliament had hoped to have set at rest, was still the occasion for contention. At this time, however, the issue was approached more with a desire to eliminate unnecessary expenditure, than for the purpose of receiving party advantage. The House of Assembly had never taken kindly to the system which, on the authority of the imperial parliament, had imposed a definite civil list. The independence of the Canadian assembly seemed to demand that the appropriations for a civil list should be made on the initiative of the colonial legislature. Accordingly, the Canadian parliament in 1846 undertook to revise the schedules of salaries forming part of the Act of Union. The appropriation of £1000 sterling for the salary of a lieutenant-governor was eliminated, while the total allowance in Schedule A was reduced from £50,000 currency to £34,638, 15s. 4d., and provision was made for a further reduction, when vacancies occurred in the offices concerned, to £33,031. Several changes were made in the salaries and allowances to the chief offices of state. An appropriation was made for the newly formed Board of Public Works. The sum of £6666 currency was allowed for Indian annuities, while the contingent account was raised to £7500 currency. The total appropriation for Schedule B was raised from £33,333 currency to £39,245, 16s. currency. On the basis of the minimum schedule prepared by the assembly, a reduction was effected in the civil list of approximately £13,000 currency.

### The Rebellion Losses Claims

The claims for damages inflicted during the period of the Rebellion constituted another demand on the public treasury. The question of Rebellion losses had already been agitated in Upper Canada, and the legislature of that province in its last session had appropriated £40,000 in compensation for damages. No payments were made on this

account until 1845, when the Draper government set aside the revenue from tavern licences in Upper Canada for the special purpose of redeeming the pledge of the assembly of Upper Canada. The settlement in Upper Canada naturally created an agitation in the lower province, and in 1846 the sum of £10,000 was voted for the payment of claims certified before the Union. The question was settled in 1849, when authority was given the governor to raise debentures not to exceed £100,000 for the satisfaction of damages, and the payment of all expenses in connection with the determination of claims.

## Revenue and the Public Debt

The variations in the net revenue and in the expenditure during the first decade of the Union, will be observed from the following table. A statement is added showing the steady increase in the interest on the public debt.

STATEMENT OF REVENUE AND EXPENDITURE, 1841-49

| Year | Total Revenue | | | Interest on Debt | | | Total Expenditure | | |
|---|---|---|---|---|---|---|---|---|---|
| | £ | s. | d. | £ | s. | d. | £ | s. | d. |
| 1841 . . | 314,082 | 4 | 0¼ | 60,343 | 4 | 8¾ | 240,801 | 7 | 9½ |
| 1842 . . | 365,605 | 4 | 11½ | 79,644 | 8 | 1 | 374,482 | 9 | 6 |
| 1843 . . | 320,987 | 13 | 8 | 96,354 | 19 | 2 | 292,949 | 4 | 7 |
| 1844 . . | 515,783 | 9 | 6 | 123,641 | 12 | 8 | 500,355 | 11 | 4¾ |
| 1845 . . | 524,366 | 16 | 9½ | 143,733 | 7 | 0 | 523,453 | 0 | 6 |
| 1846 . . | 512,993 | 18 | 8 | 147,951 | 16 | 5 | 522,982 | 15 | 0 |
| 1847 . . | 506,826 | 14 | 8 | 151,145 | 8 | 3 | 480,217 | 6 | 11 |
| 1848 . . | 379,645 | 7 | 8 | 169,187 | 10 | 6 | 474,491 | 3 | 6 |
| 1849 . . | 513,431 | 2 | 11 | 182,727 | 19 | 11 | 477,067 | 15 | 0 |

The debenture debt of the province was payable both in Canada and Great Britain. A return made in March 1848 showed a debt payable in Canada of £500,314, 7s. 6¼d. currency. Of this amount, £2637, 10s. bore two, three, four, five and six per cent, £149, 5s. 10d. was at five per cent, £5000 at five and seven-eighths per cent, and £343,166, 17s. 6¼d. at six per cent. The period for redemption extended to 1875.

In July 1850 Francis Hincks reported debentures outstanding payable in London to the amount of £2,195,225

sterling. The interest on this loan was divided as follows: £1,360,000 at four per cent, £288,725 at five per cent, and £546,500 at six per cent. The principal of the various loans matured in the following years:

| | |
|---|---|
| 1857 | £30,000 |
| 1859 | 16,500 |
| 1863 | 677,725 |
| 1864 | 300,000 |
| 1865 | 400,000 |
| 1866 | 271,000 |
| 1874 | 500,000 |

The tests which in the past had been made on the credit of the province were most severe, but the period on which it was entering at the middle of the century was destined to try its strength to an even greater extent. Hitherto the attention of the province had been directed to improving its natural highways. Canals and roads were being built and harbours formed, but the day of the railway and the subsidized corporation was at hand. The financial position of the province is set forth in the following statement of liabilities and assets, prepared by Francis Hincks:

| Liabilities | £ | s. | d. |
|---|---|---|---|
| Imperial Guaranteed Loan | 1,500,000 | 0 | 0 |
| Debentures, principal and interest, pay-in London | 1,018,375 | 7 | 7 |
| Debentures payable in Canada | 530,729 | 19 | 10 |
| Small debentures | 71,749 | 6 | 4 |
| Unfunded debt | 102,985 | 3 | 11 |
| Balance Consolidated Revenue Fund | 170,855 | 19 | 9 |
| Redemption of debt | 291,041 | 10 | 10 |
| Special provincial funds | 481,021 | 8 | 3 |
| Debentures issued on security of specific taxes | 133,315 | 10 | 4 |
| Sinking Fund | 44,000 | 0 | 0 |
| Total | £4,281,074 | 6 | 10 |

| Assets | £ | s. | d. |
|---|---|---|---|
| Public works | 3,703,781 | 9 | 4 |
| Debentures held on account of special funds | 337,709 | 15 | 3 |
| Cash in hand | 62,267 | 11 | 11 |
| Liabilities to the province for debentures loaned | 133,315 | 10 | 4 |
| Investments in Bank of England | 44,000 | 0 | 0 |
| Total | £4,281,074 | 6 | 10 |

The steady increase in the interest on the public debt and the uncertain fluctuations in the provincial revenue were causing much anxiety. The government was continually being urged to protect the credit of the province by a determined policy of retrenchment. The reduction of the salaries of the officers of civil government and the abandonment of all but the most necessary public works, were suggested as means of reducing the expenditure. The existing system of public finance was too rigid to enable the government to take full advantage of favourable conditions in the money market, and the Sinking Fund too uncertain to inspire confidence in the country's loans. In 1849 a serious attempt was made to place the management of the provincial finances on a sound basis, and to free the government from certain unnecessary burdens.

Authority was given the government to redeem outstanding debentures at any time by the issue of new debentures, provided that the total debt was not increased. Sanction was given to a new form of debenture which, although not legally authorized, had been found very useful during the previous year. Debentures of a small denomination, and payable on demand, had been used to secure a public loan. This practice was now legalized, and authority given for the issue of small debentures to the extent of £250,000 currency, provided the total amount of debentures did not exceed the amount authorized by law. An attempt was made to restore confidence in the Sinking Fund by assigning to it all of the net annual revenue from the public works, excepting £20,000, and by crediting it with whatever balance was available from the Consolidated Revenue Fund. At the same time provision was made for the transfer to municipal or private corporations of public works of a local character. With this reorganization of the system of public finance, the government looked forward to a restoration of the public credit.

## The Railway Policy

The year 1849 marked the beginning of the government's policy of aid to railways. In connection with the granting

of aid to the Halifax and Quebec Railway, general regulations were introduced designed to govern public assistance to all railway corporations. Under certain conditions, the government was prepared to guarantee the interest on loans raised by any company chartered by the province and building a railway within the province of not less than seventy-five miles in length. Interest was not to exceed six per cent, and the amount guaranteed was not to exceed the sum actually expended by the company. The company was required to pay a specified sum to the government to constitute a sinking fund for the redemption of the debt, while the payment of interest was made a first charge on the receipts of the railway. As further security, the government held after the bond-holders a first mortgage on the assets of the company.

The prospect of a general guarantee of assistance to railway corporations did not exert a salutary influence, and the government was soon compelled to resort to the policy of adapting its aid to the special needs of the particular occasion. This policy was followed in its dealings with the Grand Trunk Railway Company, incorporated in 1852. The guarantee of the province was given to the extent of £3000 sterling per mile. An amendment to the charter in 1854 authorized a guarantee of £2,211,500, while two years later a further guarantee was made of £2,000,000 in preferential bonds. By 1857 debentures had been issued on behalf of the Grand Trunk Railway to the extent of £3,298,991 currency.

At this period aid was being granted to the railways, not only by the government, but by municipal corporations. During the early fifties, various statutes were passed permitting municipalities to buy shares in railway corporations and to assist in the construction of public works of local importance. The claims on the money market created by the normal expansion of Canadian municipalities were alone sufficient to create a severe financial stringency, but, when to these were added the demands caused by the frenzied haste of municipalities to rush to the assistance of railway corporations, the stress became most serious. It was with great

difficulty that municipalities could secure loans for strictly legitimate purposes. Under these circumstances the aid of the government was sought, and in 1852 the Consolidated Municipal Loan Fund was established.

### The Municipal Loan Fund

On the credit of this fund the government was authorized to issue debentures for amounts already determined by the by-law of the municipality. Each municipality participating in the fund was required to pay at the rate of eight per cent per annum on the loan. From this fund the interest on debentures was drawn, while the balance was set aside as a sinking fund for the redemption of the loan. A municipality which had borrowed money on the credit of the fund at any time, could not raise a further loan without the sanction of the governor in council, and in case of default of any of its payments, provision was made for levying arrears on the property of the municipality. In 1854 the main provisions of the act were extended to Lower Canada. Two loan funds were established, and each limited to £1,500,000. Full advantage of the loan fund was taken in both Upper and Lower Canada. On December 31, 1858, there were outstanding the following debentures:

| | |
|---|---|
| Upper Canada | $7,294,792 |
| Lower Canada | 1,763,000 |
| Total | $9,057,792 |

More significant, however, is the statement of the amount of arrears on interest owed by the municipalities. The arrears of interest, together with the interest accrued, amounted in Upper Canada to $1,393,792.26, and in Lower Canada to $249,036.36, or a total for the two provinces of $1,642,828.62. In Upper Canada loans had been granted to forty-seven municipalities, which in two cases had been redeemed. Of the forty-five municipalities with loans outstanding, only two had been able to pay the interest required

by statute, while in Lower Canada each of the thirty-one municipalities was in debt for arrears of interest. The case of the towns of Port Hope and Cobourg in Upper Canada presents in somewhat aggravated form the story of the Municipal Loan Fund. On a loan of $500,000 the town of Cobourg in 1858 owed $171,775, while Port Hope had allowed arrears to the extent of $238,625 to accrue on a loan of $860,000.

The operation of the Loan Fund Act revealed the determination of the municipalities to borrow beyond their power of redemption. The result was that the burden fell on the provincial government, and the public credit was correspondingly weakened. This situation called for vigorous action, and in 1859 a bill was passed preventing the issue of new loans, excepting for the purpose of renewal. In order to place the Sinking Fund on a firm basis, authority was given for the collection of a percentage of the assessed value of property in the various municipalities. The increase in indebtedness due to this fund had been effectively checked while the government was compelled to await more favourable financial conditions for the redemption of the debentures outstanding.

### The Public Accounts

A reform in the system of auditing the public accounts was introduced in 1855, when a board of audit was established consisting of the deputy inspector-general, who acted as chairman, the commissioner of customs, and a provincial auditor appointed by the governor. A further change was introduced in 1864 when the board was enlarged by the addition of the deputy receiver-general, the deputy postmaster-general, the assistant commissioner of Crown Lands, and the deputy commissioner of Public Works. Under the new arrangement the provincial auditor acted as chairman. Much of the work of the board of audit was divided among the executive officials, while the final audit was conducted under the supervision of the provincial auditor.

The growth of revenue and expenditure, and the increase

in the public debt for the years 1850-57 is seen in the following table :

| Year | Total Revenue | | | Interest on Debt | | | Total Expenditure | | |
|---|---|---|---|---|---|---|---|---|---|
| | £ | s. | d. | £ | s. | d. | £ | s. | d. |
| 1850 . . | 704,234 | 2 | 5 | 202,130 | 12 | 5 | 541,663 | 16 | 1 |
| 1851 . . | 842,184 | 5 | 2 | 225,350 | 3 | 11 | 647,177 | 1 | 1 |
| 1852 . . | 880.531 | 6 | 4 | 215,442 | 14 | 3 | 810,957 | 6 | 11 |
| 1853 . . | 1,195.173 | 13 | 1 | 227,383 | 15 | 1 | 777,414 | 5 | 0 |
| 1854 . . | 1,369,306 | 6 | 5 | 226,131 | 18 | 7 | 954,962 | 8 | 10 |
| 1855 . . | 1,019,059 | 18 | 8 | 219,470 | 12 | 11 | 1,111,464 | 8 | 0 |
| 1856 . . | 1,238,666 | 18 | 4 | 225,223 | 15 | 7 | 1,105,228 | 11 | 6 |
| 1857 . . | 1,070,263 | 9 | 5 | 281,036 | 12 | 5 | 1,274,301 | 13 | 7 |

## Financial Depression

The year 1858 marked a period of the most severe financial depression in Canada. The entire continent was passing through a serious financial crisis, which was rendered more disastrous in Canada by crop failures in 1857 and 1858. The effect of the stringency on the public treasury was to reduce revenue and increase expenditure. The total imports for the years 1856-58 showed a steady decline with a corresponding reduction in the customs receipts. The revenue from customs alone for these years was :

| | |
|---|---|
| 1856 . . . . . | $4,508,882.08 |
| 1857 . . . . . | 3,925,051.19 |
| 1858 . . . . . | 3,368,157.76 |

The Consolidated Municipal Loan Fund suffered most severely from the general commercial depression. Municipalities were unable to meet the interest on debentures, so that the burden fell on the government. The Treasury was required to advance on this account :

| | |
|---|---|
| in 1857 . . . . . | $159,096.55 |
| in 1858 . . . . . | 368,503.51 |

The guarantee of the bonds of the Grand Trunk Railway and of the Ontario, Simcoe and Huron Railway constituted

a more serious demand on the government. In 1858 the sum advanced on this account was $1,061,756.87. The result of these conditions was that Alexander Tilloch Galt, the inspector-general, was compelled to report a deficit of $1,132,295.63.

The direct public debt of Canada at this time stood at $22,675,024.22. As the following statement shows, the largest part of this had been incurred in the construction of public works :

| | |
|---|---|
| Welland and St Lawrence Canals | $14,155,206.35 |
| Other canals | 2,766,146.40 |
| Harbours and lighthouses | 2,817,057.92 |
| Roads and bridges | 1,610,267.34 |
| Miscellaneous | 1,326,346.21 |
| Total | $22,675,024.22 |

The indirect debt amounted to $30,522,575.32, composed as follows :

| | |
|---|---|
| Railways | $20,295,098.47 |
| Municipal Loan Fund | 9,057,792.00 |
| Sundries | 1,169,684.85 |

### Financial Expedients

In 1858 a new method had been adopted for the redemption of the provincial debentures outstanding. The government was authorized to create a permanent provincial four and a half per cent stock to be known as the Canadian Consolidated Stock. Interest on this stock was payable half-yearly from the Consolidated Revenue Fund of the province, while the principal could not be redeemed before January 1, 1890. It was proposed with the proceeds of the sale of this stock to redeem a part at least of the outstanding debenture debt of the province. The Canadian Consolidated Stock was to be employed likewise in assisting the Municipal Loan Fund. During the period of depression the debentures issued under this fund had suffered a severe slump. It was

now proposed that the government from time to time should buy in municipal debentures with the proceeds of the sale of Canadian stock. This arrangement was modified in the following year when authority was given for the creation of a new five per cent stock to be exchanged for the existing provincial debt. An agreement was at this time made with the imperial government by which the annual contribution to the Sinking Fund for its redemption was reduced to one-half per cent. The Sinking Fund, which formerly was invested in securities bearing a low rate of interest, was now used to purchase securities bearing a rate of interest at least equal to the rate of the original loan. The province gained a distinct advantage by this arrangement. The annual expenditure on Sinking Fund was decreased, while the Sinking Fund itself became a more profitable investment.

Another departure in the method of raising a loan was instituted in 1866 when the government was authorized to issue provincial notes redeemable in specie on demand. The government was empowered to arrange with the chartered banks for the surrender of the right to issue notes. As compensation for the surrender of this right, the banks received five per cent of the amount of their circulation. In exchange for the provincial notes issued to the banks, the government received the provincial debentures held by the banks in accordance with the provisions of their charters. The total amount issued was not to exceed $8,000,000. In order to guarantee the redemption of the notes, the receiver-general was required to hold specie to the extent of twenty per cent of the amount in circulation up to $5,000,000, and twenty-five per cent of the excess above that amount. The balance was covered by provincial debentures held by the Treasury.

As the result of the issue of five per cent stock and of the agreement with the British government, Galt was able to report that in 1860, by the sale of stock to the extent of $3,806,224, a net annual reduction of $374,657 had been made in the burden imposed by the imperial loan. The total amount of five per cent securities issued during the year 1860 amounted to $27,264,011.77, of which $11,504,245

went to the redemption of a six per cent debt of £2,106,000 sterling held in London. By an annual expenditure of only $17,781 in excess of the amount formerly paid in interest, Galt was able to arrange for the liquidation in fifty years of the entire amount of the debt. The debt in April 1861 was $58,292,469, but of this nearly one-half was issued on such terms as would provide for its ultimate liquidation.

During the year 1861 no attempt was made to exchange five per cent for six per cent debentures. Municipal Loan Fund bonds to the value of $2,537,505 were redeemed, so that there remained outstanding at the end of the year $399,030 worth of bonds. The total expenditure for the year, including the redemption of the debt, was $2,087,252 in excess of the revenue.

The civil war in the United States reacted seriously on the public finances of Canada. The demand for Canadian products decreased, and with it the value of imports fell. The receipts from customs for the years 1860-62 and 1865-67 were :

| | |
|---|---|
| 1860 | $4,756,724 |
| 1861 | 4,774,562 |
| 1862 | 4,652,183 |
| 1865 | 5,660,740 |
| 1866 | 7,328,146 |
| 1867 | 6,973,261 |

## Confederation and Finance

The movement to secure a confederation of the Canadian provinces now promised to reach a successful issue. The financial basis of union was not the least difficult to determine. The geographical features of the province, which to no small extent determined the character of provincial public works, differed greatly in the four provinces. Different conditions had existed during the period of expansion, and in consequence the liabilities assumed bore a different relationship to the population of the provinces. The liabilities and assets of Canada on June 30, 1867, stood :

| Liabilities | | Assets | |
|---|---|---|---|
| Direct debt | $62,734,797.63 | Sinking fund | $1,888,555.58 |
| Indirect debt | 848,456.64 | Provincial works | 27,605,989.53 |
| Miscellaneous | 4,094,712.90 | Indirect debt | 848,456.64 |
| Trust funds | 10,325,028.49 | Miscellaneous | 54,506,085.53 |
| Consolidated fund | 7,232,730.60 | Consolidated fund | 1,881,461.11 |
| Bank accounts | 3,209,163.85 | Bank accounts | 1,714,341.72 |
| Total | $88,444,890.11 | Total | $88,444,890.11 |

A very necessary condition of the financial agreement between the provinces was that their various duties and revenues should become merged in a Consolidated Revenue Fund. At the same time, the Dominion became liable for all the debts and liabilities of the uniting provinces. This general condition was modified by the provision that the provinces should be liable for their own debt in excess of a certain amount, in the case of Ontario and Quebec $62,500,000, Nova Scotia $8,000,000, and New Brunswick $7,000,000. For the support of the government of each province, the Dominion undertook to pay the following annual amounts:

| | |
|---|---|
| Ontario | $80,000 |
| Quebec | 70,000 |
| Nova Scotia | 60,000 |
| New Brunswick | 50,000 |
| Total | $260,000 |

In addition to this, the federal government was required to pay each province a sum calculated on the basis of eighty cents per head of the population in 1861. In the case of Nova Scotia and New Brunswick, this amount was permitted to increase until the population reached 400,000. A special grant of $63,000 per annum for a period of ten years was made to the province of New Brunswick.

The period from 1841 to 1867 was one of rapid expansion in the public finances of the province. The beginning of the period found public works suspended and the credit of the

province at a very low ebb. Through careful administration, confidence was restored and funds raised for the completion of the necessary works. The success of the financial policy of the earlier years of the Union led to more extravagant ventures. The province then became saddled with a series of heavy debts in aid of railways and in security of loans made by municipal corporations for the purpose of local works. The years 1858 and 1859 witnessed a most severe financial crisis, but again skilful administration restored confidence, and despite the temporary setback of the early sixties, the finances were in a flourishing condition when the province became part of the larger Union.

Duncan McArthur

# ECONOMIC HISTORY

## 1840-1867

# ECONOMIC HISTORY, 1840-1867

## I

## GENERAL VIEW OF ECONOMIC CONDITIONS

IN spite of the strenuous efforts of the anti-British element of Lower Canada and of the ultra-British element of Upper Canada to frustrate the designs of Durham and Sydenham for the reunion of the provinces, the progressive policy of a united Canada, with a still larger union in view, was realized in 1841 under Lord Sydenham. Rallying the progressive forces of the country under the new system of responsible government, hope supplanted despair, and the colony once more resumed its industrial and commercial expansion.

For many years after the Union of 1841 economic conditions in Canada, even in their domestic aspects, were entirely dominated by forces which lay beyond her own borders, and therefore largely beyond her own control. While this was true of both the Canadian and Maritime Provinces in the period before 1841, it was still more significant for the period between 1841 and 1867. In the earlier period the economic life of the British provinces had consisted on its domestic side chiefly in living frugally upon the ample natural products of the country with little dependence upon the luxuries and refinements of European civilization. On its commercial side it involved simply the exchange of surplus natural products for those of other climates, and for a few staple lines of manufacture drawn almost entirely from Great Britain. But in the period between 1841 and Confederation, colonial trade was becoming ever more complex, especially in Canada. An increasing volume of capital was being invested in those manufacturing industries which transformed the natural

products of the country several stages beyond the condition of raw materials, though seldom as yet into finished articles of consumption. Much capital also was being sunk in the rapidly expanding transportation systems of the country, combining both land and water routes. Larger and more varied supplies were acquired in lines of imported manufactures, and, in consequence, the commercial interests and capital involved in wholesale and retail trade, and in the banking and exchange facilities, were on a rapidly increasing and ever more permanent scale.

But, while the economic interests of the British American provinces were thus expanding, and at the same time becoming more inflexible, they were still as completely dependent upon foreign conditions as the smaller and more adjustable interests of the earlier period. The greater part of the capital invested relied upon a foreign rather than upon a domestic trade. Industries were not sufficiently developed to support a population so well balanced in the production, exchange and consumption of its own products as to be essentially independent of foreign countries or strong enough to hold its own in regulating the trade with them.

For capital the provinces were still absolutely dependent upon the mother country. They were forced to find markets abroad for the greater part of their own natural products, and to foreign markets they were compelled to look for the purchase of the greater part of the manufactured goods which the people were demanding in increasing volume and variety. We may appreciate, therefore, the growing interest and anxiety with which the leading citizens of the provinces watched the economic conditions and commercial policies of Britain and the United States, the countries upon which British American interests mainly depended.

Under these conditions Canadian economic history during the Union period will be found to centre around certain outstanding movements and changes of economic policy on the part of Great Britain and the United States. The first and most important of these influences was the development of the free trade movement in Britain, which, alike in its intermediate and final stages, had most important

consequences for the leading Canadian industries, such as the production of wheat and other articles of food, the manufacture of flour for the British market, and the timber and ship-building industries. The grain and milling trades, on the other hand, largely determined the economic relations of Canada to the United States. In the first place, we find much the most important phase of the attempt to make Canada, by artificial means, at once the commercial medium and the geographical highway by which the middle and western states tributary to the Great Lakes should send their natural products to the British and other European markets, and by which they should receive the corresponding imports. This transport of Western American grain through Canada supported extensive milling and financial interests, which were heard from with no uncertain voice on the termination of the incidental situation from which they temporarily profited. When complete free trade was achieved in Britain, and the British American preference abolished, readjustment on the part of the colonial interests was naturally required to meet the new conditions. Deprived of their advantages in the markets of the mother country, the British American provinces claimed a corresponding emancipation from the special privileges enjoyed by British shipping in colonial ports and in the carrying of colonial exports and imports. The British government soon recognized the logic of the situation, with the result that the historic Navigation Acts, long considered vital to British commercial supremacy, were absolutely abolished in 1849.

The Canadians, having now lost all special advantages in the British markets, clamoured for access to the protected American markets, and solicited the assistance of the British government in procuring that boon. This led to the interesting negotiations and general campaign for reciprocity, a movement which began with Canada but was extended to take in all the British American provinces. After the Reciprocity Treaty went into effect in 1854, some very interesting and instructive economic experiences resulted which led to much discussion on both sides of the international boundary, and the ultimate determination on the part of the Americans to

terminate the treaty. When the lapse of the treaty became certain, interest developed in the possibilities of mutual trade between the British parties to it. There was also considered the special advantage of all the provinces being able to speak with a united voice in both national and international trade relations. The pros and cons of this problem were much discussed during the negotiations for Confederation.

Incidental to these larger factors in the economic history of Canada, we have further evidence during this period of the beneficent influence of war upon Canadian prosperity, though this prosperity was afterwards offset by a disastrous reaction when peace was re-established, and the unfortunate survivors had to redouble their industry and practise unwonted economies in order to recover from their international debauch. The Crimean War and the American Civil War were the special godsends for Canada during the Union era, as the American Revolution and the War of 1812 were the bright spots during the previous period.

In summarizing the period under review we shall find that the economics of the British preference occupied the first ten years, and the economics of reciprocity practically the last ten years, while the intervening years, from 1849 to 1854, were occupied in the transition from one condition to the other. From these dominant forces domestic trade and industry also took their character and direction.

## II

## CANADIAN INDUSTRY AND FOREIGN TRADE

HAVING taken a bird's-eye view of the course of Canadian economic development during the period under consideration, we may now enter upon the history of the several movements with some detail. Attention has already been drawn to the interesting forecast of the leading economic issues of the forties which was made in the address to the crown presented by the House of Assembly of Upper Canada in 1836. In this the home government was asked to secure for the people of the upper

province free access for their products to the American markets, the privilege of bonding their exports and imports through American ports and territory, freedom from the restrictions of the Navigation Acts, and more particularly the abolition of the remaining duty of 5s. per quarter on Canadian wheat on entering the British markets. It is true that in most of these requests the assembly was simply following the lead of the promoters of the free trade movement in Britain. Owing, however, to the immediate development of the political and economic crisis in the Canadas, nothing came of this petition beyond its indication of a trend of policy on the part of an important section of the Canadian public.

When the acute stages of the Canadian crisis were over and the reunion of the Canadas was assured of a trial at least, the agitation for the free access of Canadian wheat and flour to the British markets was once more revived, though some of the other proposals which accompanied it remained dormant for a time.

In 1840 the House of Assembly of Upper Canada sent a further petition to the crown, dealing with the improvements in trade policy required to place Canada on as prosperous a footing as the adjoining states, thus enabling her to obtain her fair share of British capital and immigration.

It was claimed that the American markets for grain were sometimes higher than those of Canada. For the past four or five years, it was said, bread stuffs had been twenty-five per cent higher in the United States than in Canada. Such a statement, however, had little validity, as there was no uniform price throughout either Canada or the United States for any of the various grains coming under the term 'bread stuffs.' At any rate, in the case of wheat, these conditions seldom occurred in any of the regions adjacent to Upper Canada and in possible competition with it. It was frequently true, however, with reference to other grains than wheat, and to certain miscellaneous agricultural products which could not be profitably exported and therefore depended mainly upon the local home markets. Naturally, owing to the advanced development of the United States and the

larger influx of immigrants, the home markets for miscellaneous agricultural products were, as a rule, much better there than in the Canadas. This general fact, as we shall find, was a matter of vital importance in relation to the subsequent question of reciprocity.

The fact that American wheat, when imported through Canada or ground into flour there, was admitted to the British market on the same basis as Canadian wheat, led a number of the farmers of Upper Canada to imagine that this prevented their receiving better prices for their grain. But, inasmuch as the prices of grain in the British and not in the Canadian markets determined the prices received for both Canadian and American grain, this opinion was erroneous.

Endeavouring to belittle the existing preference on Canadian grain entering Britain, the assembly remarked in its petition: 'Your Majesty's faithful Commons are aware that the products of these colonies are admitted into the ports of the mother country at a duty of 5s. per quarter, when wheat is below an average of 67s. per quarter, but from the expense of transportation from the interior to the sea, and thence to the United Kingdom, experience proves they derive very little advantage from this protection.' Further, as regards their preference in the West Indian markets, the great distance and incidental expenses were represented as quite consuming all possible profits. Having thus apparently disposed of all their present advantages, they desired their trade conditions to be improved in several ways. In the first place, they sought fiscal protection for their home markets in agricultural products. This meant, in practice, that American grain imported to Upper Canada should not be available for the supply of local markets, but should be shipped through in bond or ground in bond on its way to the British markets. When imported for local consumption, the duties on American agricultural products should be the same as the duties levied in the United States on imports from Canada. In the second place, they asked a further preference in the British market, to be accomplished by the abolition of the remaining duty of 5s. per quarter on Canadian wheat.

In transmitting this petition to the home government, Lord Sydenham indicated that its promoters had considerably exaggerated the difficulties of their situation. He pointed out that almost the only advantage left to Britain in return for her very heavy expenditure on the military and naval protection of the colonies, was her right to regulate their external trade so as to favour her own industries and shipping. At the same time, as he pointed out, it was very inconvenient, alike for the colonies and the mother country, to have every change in the colonial trade relations made in Britain. He suggested, therefore, that the provincial legislature might be permitted to make at least such minor changes as they found to be necessary and at the same time not inconsistent with British interests. None of these acts, however, should be permitted to come into force until approved by the British government. In reply to this suggestion, Lord John Russell promised that the change recommended should be made.

As a sequel to this petition, an act was passed by the legislature of Upper Canada imposing a duty on such American grain as was entered for consumption in Canada, but the act was reserved by the governor. The opposition to this measure came from the transporting and milling interests, who pointed out that the sale in Canada of flour ground from American wheat simply enabled it to take the place of the same amount of Canadian flour in local markets, thus permitting a larger amount of Canadian flour in the aggregate to be sent to Britain. Instead of being an injury to the Canadian farmer, this arrangement, it was claimed, enabled the dealers to adjust their supplies to meet local needs without a large extra cost in transportation, and this, in turn, permitted them to give somewhat higher prices for Canadian grain throughout most parts of the province.

Lord Sydenham found it necessary to deal with this same question in 1841, when the farmers and millers were once more in debate upon it. The governor regarded the millers as having the best of the argument.

At this time the farmers of Lower Canada did not produce sufficient wheat to meet the requirements of their own province. For some years previous their crops had suffered

from the wheat-fly and rust. In Upper Canada, however, wheat was the chief article of production for export. In 1840 there had been an exceptionally large harvest in both Canada and the United States, and prices were low in consequence. This condition had given rise to a double agitation, first, for greater protection in their home markets, and second, for the abolition of the remaining duty on Canadian grain in the British market. Sydenham's own opinion was that the American imports did not affect prices in Canada; at the same time he strongly urged that the remaining duty on Canadian wheat entering Britain should be abolished, for this would be a real boon to the Canadian farmers. As a British free trader, he naturally considered that such a change would be of some slight advantage to the British consumer.

During 1841 a strong petition was sent to the home government from the leading merchants and shippers of Montreal, in which they endeavoured to effect a compromise between the agricultural and commercial interests of the united provinces. It was proposed that the existing British duties on the chief Canadian agricultural products should be abolished, and that duties, if necessary, equal to those abolished, should be levied upon the corresponding American produce entering Canada, but that when these import duties had been collected the American produce should be exportable as Canadian produce and received in Britain on the same terms. The articles involved in this proposal were: wheat, rye, Indian corn, barley, oats, peas, beans, and other grains, and the flour or meal produced from them; also beef, pork, butter and lard.

The Liberal government in England having been defeated in the latter part of 1841, it fell to the lot of Lord Stanley, the new colonial secretary in the government of Sir Robert Peel, to reply to the petition of the Montreal merchants and several other memorials on the same subject. This he did in March 1842. In explanation of the position of the British government, which did not feel itself justified in admitting Canadian grain at a nominal duty, he stated that it was influenced by the geographical relations of Canada to the United States. In order to encourage transport of Ameri-

can produce from the western states and the manufacture of American wheat into flour in Canada, they had admitted American produce to the British markets as Canadian produce; the British government must therefore protect itself from admitting too much American produce through that channel. The British government did not wish to impose a special tax on American grain coming through Canada because it was observed that when such a tax was proposed in the Canadian legislature it had been rejected. In the bill now before the imperial parliament, however, the 5s. per quarter duty on Canadian wheat would apply only when the price was below 55s. per quarter, instead of below 67s. as formerly; above 55s. the duty would be only 1s. per quarter. Moreover, Canadian flour was to be admitted to Ireland for the first time.

Seizing upon the explanation of the colonial secretary, the Canadian advocates of the abolition of the British duty on Canadian wheat and flour determined to take the British government at its word. Assuming that the risk of admitting too much American grain along with the Canadian was the only obstacle to the free admission of Canadian grain, the legislature, without further communication with the Colonial Office, immediately passed an act during the session of 1842 imposing a duty of 3s. sterling per quarter on American wheat entering Canada. It was therefore incumbent upon the British government to abolish the duty on Canadian wheat. The long preamble to this act cleverly interprets the dispatch of Lord Stanley to suit their purposes. The dispatch, it says, 'affords the strongest ground for the confident belief and expectation that, upon the imposition of a duty upon foreign wheat imported into these provinces, Her Majesty's government will be graciously pleased to recommend to parliament the removal or reduction of the duties on wheat and flour imported into the United Kingdom from Canada.' Sir Charles Bagot, who had succeeded Lord Sydenham as governor, naturally reserved this act on account of the special interpretation which it placed upon the minister's dispatch. In sending the bill over, he promised to give a more detailed explanation of it.

The detailed explanation furnished a couple of months later (January 1843) consisted mainly of the report of the Select Committee of the Canadian legislature, which gave details as to the relative cost of transportation for Western Canadian and American produce to the British market by way of the Canadian and American routes respectively. The cost of freight on a barrel of flour from the Welland Canal to England via the St Lawrence route was $2.90, and via the Erie Canal and New York $2.27½. Under the sliding scale of duties in England, the duty being reduced as the price of wheat rose, when the price of wheat was above 67s. per quarter, New York had an advantage over the St Lawrence route, while below that price the St Lawrence had the advantage, although the lower freight rates, by way of New York, tended to offset the higher duty on American grain. When the new Canadian canals, then under construction, should be completed, there was expected to be a reduction of at least fifty cents per barrel in freight rates from Western Canada and the adjoining states. In this discussion of relative costs it was assumed that the Canadian farmer should receive from 80 cents to $1.00 per bushel for growing the wheat.

The sliding scale of duties in England rendered impossible any accurate forecast of the profits on the shipment of wheat to Britain, and was particularly confusing in any attempt to compare Canadian and American figures. Even in the case of Canadian wheat and flour, although they had been admitted at a fixed duty of 5s. per quarter when the price of wheat in England was below 67s. per quarter, yet when the price was above that rate they were admitted at 6d. per quarter. The problem, therefore, was to find what quantity of Canadian wheat would be admitted above or below the marginal price of 67s. The actual results, of course, could be discovered at the close of each season, but they were apparently of little value as guides for the following season. Thus the British returns show that the average rates per quarter paid on all Canadian wheat entering the British markets from 1838 to 1842 were as follows :

| Year | Average Rate on Wheat per quarter |
|---|---|
| 1838 | 2s. 1d. |
| 1839 | 6d. |
| 1840 | 4s. 0d. |
| 1841 | 1s. 9d. |
| 1842 | 2s. 5d. |

It will be observed from these figures that only in 1840 did the average rate of duty approach the standard rate of 5s. per quarter. The matter was necessarily much more complex in the case of foreign grain, for the sliding scale involved a number of different duties for different prices.

The general object of the assembly's memorandum was to show that the proposed rate of duty on American wheat, namely 3s. per quarter, was quite sufficient to protect the British markets from a special influx of American wheat through Canadian channels. Within a few months, however, they wished to amend this by requiring a drawback of the 3s. duty on all grain and flour shipped from the United States to Britain via the St Lawrence when the price of flour at Montreal or Quebec exceeded 20s., or $5.00, per barrel.

Taking advantage of a speech of Sir Robert Peel's, in which he had said, in the large loose terms common in such addresses, that henceforth the colonies were to be treated as integral parts of the British Empire, the committee of the Canadian assembly attempted to base upon this statement a series of resolutions intended to encourage the home government to give effect to the prime minister's rhetoric by admitting Canadian agricultural produce in general entirely free of duty. The most interesting of these resolutions, especially in the light of subsequent events, was the second, which promised that, if Canadian produce were admitted to Britain free of duty, the Canadian legislature on its part, as soon as the finances of the province would permit, would abolish all duties on British manufactured goods entering Canada directly from the sea. It is explained in the third resolution that the expenses of the Canadian government would soon be met by the duties on foreign imports and the

tolls of the new St Lawrence canals. In other words, it was expected that henceforth the Americans would finance the Canadian government. Thus did the Canadian assembly meet the British premier on common ground. On the whole, however, Sir Robert Peel had the best of the argument, for he did abolish practically all the duties on Canadian produce, not confining himself to this alone, while the Canadian assembly, even after Britain had fully adopted the policy of free trade, went on steadily increasing the duties on British manufactures until the government of the mother country found itself compelled to make an official protest.

The North American Committee of the Colonial Association, an organization which in those days performed the functions undertaken by the United Empire League in later times, took part in the tariff discussion, and urged special tariff concessions to the colonies, on the ground that this would encourage British immigration, and on the further ground that, unless the colonies were encouraged to devote themselves exclusively to the production of agricultural produce and of their other raw materials, they would undoubtedly turn their attention to manufacturing before long, and attempt to pass laws for its protection from outside competition.

In the meantime, owing to the rapidly growing clamour in Great Britain for the abolition of the corn laws, the government found it expedient to yield to the petitions of the Canadians and their friends. Accordingly, in 1843, Lord Stanley introduced in the British legislature the Canadian Corn Bill, which, on becoming law, admitted Canadian wheat and flour at the nominal rate of 1s. per quarter. Wheat from the United States, on passing through Canada, was not admitted to this privilege as formerly ; but flour, ground in Canada from American wheat, was admitted on the same basis as Canadian flour. The wheat from which it was ground, however, was required to pay the duty of 3s. per quarter on entering Canada, as agreed upon by the Canadian legislature.

The preference which would thus be enjoyed by the Canadian millers was estimated at 6s. per quarter. Though this preference does not appear to have affected Canadian agriculture to any appreciable extent, it certainly gave a

great impetus to Canadian milling, especially at the large centres on the route from the North-West to the Atlantic ports on the St Lawrence.

Quite regardless of the obvious fact that this preference conferred upon Canadian grain was simply due to the exceptional progress of the free trade movement in Britain, Canadian capitalists, especially in the Montreal districts, invested heavily in milling establishments of an extensive and permanent character, and for a few years drove a very profitable trade.

In the meantime were completed the St Lawrence canals, which were to transfer the control of the traffic from Western Canada and the adjoining states to the St Lawrence route, and to bring much wealth, not only to Canadian traders and shippers, but to the government coffers as well. In spite of these advantages, however, the repeal of the English corn laws in 1846 brought consternation to the Canadian milling and grain trade. Owing to the gradual reduction of duty, the full effect of the repeal was not felt until 1849, when only a registration duty of 1s. per quarter remained on all wheat or flour imported into Britain.

As regards the general body of the Canadian farmers, the abolition of the corn laws did not especially injure them, while the free admission of most of their other agricultural produce was of considerable benefit, and might have been of much greater advantage had the commercial and transportation system been organized to handle it.

## III

## THE TEA TRADE

MEANTIME some interesting trade problems had been worked out in other lines of colonial commerce. As settlers extended along the international boundary line, and the facilities for transportation were improved, intercourse between the United States and the British American provinces became more easy, but more difficult to control. Thus, before the railroads had concentrated traffic

at specific points, which could be guarded by an adequate staff of revenue officers, smuggling had become very common, and apparently reached its culmination during the forties.

The article of tea was subject to special imperial restrictions and prohibitions, which were not very generally approved by public opinion in the British provinces. Being easily transported, and of considerable value in proportion to its weight, it had always been an article of extensive smuggling. Up to the year 1842 the importation of tea from the United States had been prohibited by an imperial act. From 1836 to 1839 the British North American provinces had repeatedly petitioned the home government to repeal the prohibition and to substitute a regular rate of duty. Lord Sydenham, as president of the Board of Trade in the British cabinet, had dealt with some of these petitions. On looking into the question more closely, and from the Canadian point of view, he recognized the necessity for change.

From special reports made by imperial customs officers in America, it was found that from one-half to three-fourths of all the tea used in Upper Canada was smuggled from the United States. One of the chief explanations of this was that the quality of the tea commonly used in the United States and Canada differed greatly from that imported by the British merchants for their home consumption. The British customers preferred the milder grades of black tea, while the Americans and Canadians used almost exclusively a strong green tea, imported directly from the East to the United States ports. To obtain this grade of tea, the Canadian merchants who sought to comply with the law had been compelled to purchase it in New York, and then have it shipped over to Liverpool and back again to Canada. Incidentally this situation illustrates some of the trade difficulties between the mother country and the colonies, in which ignorance of each other's situation and a certain self-centred complacency, which prevented a mutual adaptation to each other's needs, accounted for most of the troubles and the prolonged controversy over them.

A practical man of affairs such as Lord Sydenham, once on the ground, recognized the absurdity of the situation, and

strongly urged the repeal of the prohibition on the import of tea from the United States, and the substitution of a duty which might be ten per cent higher than that on British teas imported directly from Britain or the East Indies. The British government accepted his advice in the matter, and the necessary alterations in the acts were introduced, although they did not pass until the following year. When, however, the proposed change was announced in the Maritime Provinces, the merchants of Halifax remonstrated, on the ground that it would transfer the whole of the tea trade to the American importers and would not check smuggling, inasmuch as there would still remain a duty of twenty-five per cent as an incentive.

In dealing with this tea problem, Lord Sydenham incidentally referred to the peculiar attitude of the people of the British North American provinces towards the practice of smuggling, particularly in New Brunswick, the Eastern Townships of Lower Canada, and the St Lawrence frontier in Upper Canada. Smuggling, he found, was systematically practised, not merely by the lower orders, but by persons who were otherwise most respectable and influential citizens, including justices of the peace and officers of the militia. A little later, when the system of protection for native industries came to be advocated as a political principle in emulation of the American example, a number of prominent citizens in various sections of the British provinces were accused of being ardent advocates of protection by day and equally ardent practical free traders by night.

## IV

## THE TIMBER TRADE

DURING the forties the long-vexed question as to the fiscal encouragement to the Canadian timber trade was finally set at rest. In 1841 those interested in this industry became greatly alarmed lest the movement towards free trade in Britain should deprive them of their preference in the British markets. Thus the movement

which ensured a preference on colonial grain threatened to take away the preference on colonial timber. The Boards of Trade of Quebec, Montreal, and Bytown (now Ottawa) memorialized the government on the subject, praying for the retention of the existing preference. It fell to the lot of Lord Sydenham to forward these and other petitions on the subject. While not repudiating his well-known convictions that the timber duties should be altered, he urged upon the home government the injustice of making any sudden or drastic changes which would affect existing contracts. In forwarding addresses to the queen from the Canadian assembly and council on the subject of the timber duties, he says : ' I am bound to remark that, notwithstanding the authorities from which they proceed, I am not disposed to attach very great importance to them.' He states that Western Canada beyond Kingston has very little interest in the question. The special interest, indeed, centres among the lumbering interests on the Ottawa and the timber merchants of Quebec. However, the sympathy and support of the legislature can always be successfully evoked ' where the protection is beneficial in any degree, however small, to the colony, and the burden of it is borne by the mother country alone.'

The merchants and shipowners of Halifax saw nothing but blue ruin facing them should the timber duties be interfered with. Were this to happen, they would find their trade transferred to foreigners, both the shipping and the shipbuilding trade would be destroyed, immigrants would be unable to come to the Canadas and would go to the United States instead. The sale of British goods in America would be curtailed, the supply of British sailors would be cut off, and they would cease to be available in case of need, and the British Empire would pass to ruin and decay.

Similar memorials were sent from New Brunswick, especially from the corporation of the city of St John, and from the timber merchants of the Miramichi. But here again Lieutenant-Governor Colebrooke, in transmitting these memorials, declared that, from his observation, the timber trade was not of such vital interest to the province

as they tried to make out. He found that it drew off labour from other and more profitable callings, such as agriculture, the fisheries, etc., which were better for the country both economically and socially. As hitherto carried on in New Brunswick, the timber trade had fostered dissolute and improvident habits, and thus demoralized the people engaged in it. In any case, he considered that there would continue to be quite a sufficient market for the timber products of New Brunswick.

Undoubtedly the Liberal government of the day fully intended to alter the timber duties, but it went out of office in the latter part of 1841, and was succeeded by the Conservative administration of Sir Robert Peel. Those engaged in the timber trade naturally expected that the change in government would avert the threatened danger to their interests. They were not long in discovering, however, that the policy of the new government was to be even more drastic than that of its predecessor.

The Montreal Board of Trade had sent to the new government, in April 1842, a memorial praying that the changes in the timber duties proposed by the late government, if still to be carried out, should not be brought into effect for four years, and even then should be introduced very gradually. But Lord Stanley replied that 'the prayer of their petition could not be acted upon without producing the greatest inconvenience to all parties interested in the trade and consumption of timber.' This decision of the minister, when made known in America, brought forth vigorous remonstrances from the city of Quebec and the Ottawa district, as also from New Brunswick. Owing to the recent severe fires in New Brunswick, which had largely interfered with lumbering, the chief industry of the province, the general commercial situation was very depressed, more particularly in the city of St John and in the towns on the Miramichi. To add to their difficulties, the province had just received, in 1842, a large influx of indigent Irish immigrants for whom there was little or no employment, and who therefore threatened to become a burden upon the community.

As usual in the British American provinces during the

greater part of the nineteenth century, the depression in New Brunswick was to a considerable extent a reflex of a similar depression in the adjoining states, with which so much of the trade of the province was connected.

Lieutenant-Governor Colebrooke, while recognizing the necessity for changes in the timber duties, urged upon the colonial secretary that these might be modified or postponed, since they were likely considerably to aggravate the existing distress. It appeared also that the new British government was contemplating certain changes in the West Indian trade with a view to freeing the islands from their economic bondage to the British North American provinces. The contemplated changes would affect chiefly the trade carried on at the ports of St Andrews and St Stephens, which had become the natural centres for the reception of American goods from the neighbouring states, which were first shipped north to British territory and, after transhipment there, sent south again to the West Indies. The cost of all this roundabout trade and the profits thereon had, of course, to be borne by the people of the West Indies.

In consequence of the various protests and petitions sent from the British North American provinces to the home government, Lord Stanley, in May 1842, set forth very clearly and fully his policy with reference to colonial trade. He intimated that the people of the British North American provinces were unnecessarily alarmed over the proposed tariff changes. The actual changes would affect the Maritime Provinces in three particulars only: (*a*) in the timber trade to Great Britain; (*b*) in the timber trade to the West Indies; (*c*) in the fishing trade to the West Indies. It would affect Canada in the first two sections, and also with reference to the changes in treatment of colonial wheat and flour. As regarded the timber trade, the colonial secretary could not see that it should affect the provinces adversely except in the matter of shingles and staves. Of these, however, New Brunswick did not export much. As regarded the regular timber trade, the natural advantages which New Brunswick in particular possessed over the adjoining states, and the fact that the latter had so nearly exhausted their forests, must before long

compel them to depend upon the British North American provinces for their supplies. As regarded the trade with the West Indies in fish, the government had simply abolished the prohibition of the import of foreign fish to the markets of the West Indies, substituting a tax of fifteen per cent on such foreign fish, which should amply protect the fisheries of the Maritime Provinces.

It was true that the British government had considerably reduced the timber duties as regarded the Baltic trade, but it had reduced the duty on colonial timber also, and to such an extent that it almost amounted to a total abolition of the duty. The supplies of available timber in Europe were being rapidly reduced, and there would necessarily ensue a greater dependence than ever upon the forests of the British North American colonies. At the same time the recent changes were found to be necessary in order to relieve the existing burdens upon the British consumers of lumber of various kinds. Moreover, the proposal now under consideration of opening the British ports to foreign and colonial produce at reduced rates should increase all lines of British industry, and, in the end, afford an improved market for colonial produce. The contemplated measure also for the encouragement of the imports of colonial grain should be of interest to the people of the Maritime Provinces, and of New Brunswick in particular, who certainly ought not to confine their attention too exclusively to the business of lumbering.

On these lines the colonial secretary laid down the policy of the home government, and definitely brought to an end all agitation for the maintenance of the old conditions.

In 1846 William Ewart Gladstone, who had succeeded Stanley as colonial secretary, was able to point out that the reduction of the timber duties which had been made in 1842 had not resulted unfavourably to the colonial trade, as had been so confidently predicted in various petitions from the British American provinces. The chief lumber exports from British America being white pine, of which it had a practical monopoly, it did not meet with serious competition from any other country. In 1846 the British government proposed

still further to reduce the duty on foreign timber and lumber by ten per cent on the former, and twelve per cent on the latter. This would still leave a duty of 15s. per load on foreign timber, which ought to cover the difference between freights from the Baltic and from Canada, colonial timber being admitted free.

## V

## IMMIGRATION

BEFORE taking up the question of the consequences for the British American colonies of the abolition of the corn laws, and the general adoption of the policy of free trade by the British government, it is necessary to make a brief survey of certain other colonial problems which closely affected the economic fortunes of the North American provinces.

After the collapse of the immigration to Canada during the later thirties, followed by the development of a considerable emigration from the provinces to the United States, the whole question of immigration was seriously reconsidered. Dr Rolph was a prominent figure in the discussion of this subject, but his proposals, though often interesting and even romantic, were not always well founded or in the interest of either the province or the immigrants. He had proposed to enlist the interest of the larger landed proprietors in Britain in the subject. These landlords, finding themselves increasingly burdened with the support of an indigent class, were shown that, by bearing the expense of sending them to Canada, they would be economizing in the end by being relieved of them once and for all. The Canadian government, on its part, was to furnish these immigrants with lands on which to settle. Just how they were to maintain themselves in the Canadian wilderness was not very satisfactorily explained. The plan, however, successfully appealed to a number of the more extensive landlords, yet it proved to be a very questionable one from the point of view of national advantage and the upbuilding of a strong and self-reliant

population. The proposal was inaugurated in 1839, when Colonel Wyndam, an Irish landlord, undertook to transfer to Canada about two hundred poor people from his estates in the counties of Clare and Limerick. This he did, and his experiment was widely advertised at the time; hence the plan became popular with the Irish landlords, with very unfortunate consequences for Canada. Many of his immigrants, after a trial of conditions in Canada, finding them more burdensome than anticipated, left the districts in which they were settled, and either drifted back to the towns or passed on to the United States.

A very intelligent appreciation of what such immigration was likely to mean for the future of Canada as well as of the immigrant was made in 1840 by a comparatively young man, Francis Hincks, who had recently come to Canada with an excellent education and a special training in business and finance, and who was at this time editor of the *Examiner*, though soon to be seized upon by Lord Sydenham and induced to enter upon a political career of much distinction. Hincks pointed out that the policy of sending indigent or pauper immigrants to Canada at the expense of British landlords, if indulged in to any considerable extent, would result in converting the country into ' a land of pestilence and famine.' This prediction, as we shall see, was disastrously realized in 1847. He strongly advocated the adoption of the American system of selling the land to the settlers at a moderate cash price. The capacity to pay the price indicated fairly well the ability and opportunity of the purchaser to convert the land into a good farm.

Following the line of criticism made by Mr Hawke, the immigration agent of the provinces, he condemned the popular idea that it was quite safe to settle the country by disposing of the lands to poor settlers on the instalment plan. For those without capital the instalment plan would simply involve the paying out of all they could obtain over and above their bare living, and would thus keep them without the means for making a success of their farming. Often he claimed : ' It had the effect of converting a number of useful labourers into indigent and useless farmers.' This elementary

principle had been constantly overlooked during the settlement of the provinces, but the corresponding folly in the case of tradesmen undertaking to conduct various businesses without sufficient capital had been continually criticized and commented upon in the colonies. The anxiety to fill up the land as rapidly as possible regardless of the capacity or equipment of the settlers, had been one of the strongest factors in impeding the progress of the country.

Dr Rolph, however, as immigration agent in Britain, continued to send out a stream of immigrants who were virtual paupers. Finally the government found it necessary to interfere, and greatly limited his freedom in the matter. Lord John Russell, as premier and colonial secretary, did not approve of the principle of sending indigent immigrants to Canada at the public expense. 'It is a hardship to Canada,' he said, 'that she should be obliged to maintain the pauper immigrants from the United Kingdom who arrive in a state of destitution and disease.'

So far as there were public or other works available for the employment of the poorer immigrants who had good physique and a sound mind, they were, of course, acceptable immigrants, and, if thrifty and resourceful, they would in time own their farms and become very good settlers, applying their savings to the improvement of the farm and the purchase of the necessary stock, implements, etc.

The immigrants arriving in Canada in 1841 were reported as in better condition and in larger numbers than those of some years past. Most of those who arrived at Quebec or Montreal were anxious to pass on to the western parts of Upper Canada, where they expected high wages and better opportunities. Soon, however, they produced a glut in the market for unskilled labour, while at the same time there was a brisk demand for skilled mechanics in various trades. During the later forties most of the immigrants coming to Canada were from Ireland, many of them sent out by the landlords with the obvious intention of simply getting rid of them.

During the year 1841 a rather wild scheme was submitted to the government by Dr Rolph and Edward Gibbon Wake-

field with the promised assistance of the British North American Land Company, the Canada Company and the North American Colonial Association of Ireland. The professed objects of the undertaking were the advancement of the agricultural interests and commerce of Canada and the completion of the public works undertaken before the Rebellion. The investors expected to be repaid for their outlay from the enhanced value of the lands, and to be guaranteed in the meantime by the government. Lord Sydenham declared the purpose of the scheme to be good enough, but the method proposed for working it out to be quite visionary, and its financial features entirely impracticable. This analysis seems to have given the project its quietus.

In the meantime the scheme started by Colonel Wyndam was rapidly developing among the Irish landlords. Cheap transportation was furnished by the timber vessels returning to Quebec, where the immigrants were landed and left to find their way up the country as best they could with what assistance the local government might afford. These timber vessels were mere shells, without the most elementary accommodation for passengers except such flimsy temporary provision as was made for the return trips. When they were crowded with half-starved and often diseased humanity on a long voyage of several weeks, the resulting conditions, especially in rough weather, were indescribable. Europe being visited from 1846 to 1849 by cholera and typhus fever, it was conveyed to these vessels by a number of the immigrants, with the result that a regular epidemic ensued and a great many were cut off on the voyages. Of those who landed in Quebec a considerable proportion at once crowded the temporary hospitals provided for them, while, of those who were able to pass on to the upper province, many were afterwards afflicted, spreading the disease and exciting the utmost alarm throughout the country. For a time the trade of the province was paralysed, especially in the year 1847, when thousands perished from the plague.

One of the chief difficulties connected with the immigration problem in Canada was the lack of capital on the part either of the agricultural class or of those who might have

developed the industry of the country. The consequence was that regular employment was altogether inadequate when compared with the number seeking it, because they could not themselves go directly from the land. The province was thus condemned to a mere hand-to-mouth existence, which largely accounted for the very noticeable backwardness of its economic development as compared with the progress of the adjoining states.

Canadian resources were admittedly as good as those of the northern states, the people were personally as capable of developing their country, and the British markets were more accessible. The Canadian highways to the ocean were naturally superior to those of the United States, but required very considerable capital expenditure to render them thoroughly serviceable for all kinds of transportation. It was only the lack of capital, wisely invested, which caused Canada to drag behind her neighbours. It is true that when the public works were in process of construction Canada found it possible to employ, and thus to hold in the province, the larger proportion of the immigrants who came to her shores. But the public works, which were mainly connected with transportation and military establishments, themselves gave little permanent employment when they were completed. There were few established industries to which the labourers could turn their attention; hence they must needs leave the country, which they did in large numbers.

Undoubtedly the public works undertaken in Canada were for the most part highly necessary for the development of the country, and it would have been a mistake to construct them on any more limited scale; at the same time the general development of the colony did not keep pace with its transportation facilities, as had been the case in the adjoining states, where the corresponding public works proved to be profitable undertakings almost from the start by reason of the rapid and well-balanced progress of the country. In Canada, as we have seen, the mistake lay in attempting to build up the country with an impecunious body of settlers who, however capable they might be in their personal capacity, could not be expected to make encouraging progress

when simply left to face the wilderness with little else than the equipment with which nature had furnished them. Little wonder that, when they learned how much more rapidly others of the same type as themselves were winning success in the adjoining states, they should have become discouraged, and, after a short trial of Canadian conditions, journeyed to the republic. Thus it was that, in spite of the natural inclination of many British immigrants to settle in the British North American provinces, they found it relatively unprofitable to do so. Thus the United States gained not only the ever-increasing volume of British immigration which passed directly from Britain to that country, but also a very large section of the immigrants who came to the British American provinces with the intention to settle there.

The responsibility for this unfortunate situation is partly to be laid at the door of the then prevalent idea that the colonies should be discouraged from undertaking anything more than a one-sided development which would furnish the mother country with raw materials for her various industries, and take from her all the manufactured articles which they required. It was thought that only on this basis could the colonies be worth anything to the mother country, or in any way repay her for the very great outlay which their maintenance occasioned her. As yet it had occurred to only a limited number of people either in Britain or the colonies that a more normal and all-round development of them would have led to the reduction of these heavy subsidies, and that the advantage of more rapid progress in the colonies under a better-balanced system would have occasioned a much greater volume of British trade with them than could ever be afforded in their restricted condition. Needless to say, that element in the colonies—and it was long the most powerful political and economic factor in them—which profited so largely and so easily from the heavy British expenditure was strongly opposed to the larger and more progressive idea of colonial development.

## VI

## CANADIAN AND AMERICAN TRADE RIVALRY

IN the meantime special favours, on which the Canadian economic expansion from 1841 to 1847 was chiefly built, were, first, the loan guaranteed by the British government for £1,500,000 for the completion of the St Lawrence canal system and other public works ; second, the abolition of the duty, except a registration fee of 1s. per quarter, on Canadian grain and flour entering the British market. This was to include flour ground in Canada from American wheat imported on payment of a duty of 3s. per quarter. This latter was accomplished by the Canada Corn Bill of July 12, 1843. This act declares that, in consideration of the legislature of Canada having, on October 12, 1842, imposed a duty of 3s. per quarter on wheat imported into that country after October 10, 1843, the duty on wheat from Canada on entering the British market shall be 1s. per quarter, and on each barrel of flour the same duty as on 38½ gallons of wheat ; in other words, the duty on flour to be equivalent to the duty on wheat. This afforded a very substantial preference over grain and flour sent direct from the United States.

One of the chief results expected from this combination of improved transportation and special preference was the conversion of the Great Middle West of the United States into a commercial, and possibly later a political, adjunct to Canada. The interests of this American region were chiefly agricultural, and its transportation was tributary to the Great Lakes. By offering these western states higher prices for their grain and cheaper and more rapid communication with the Atlantic, with a correspondingly cheaper and more direct means of obtaining their supplies of manufactured goods from Europe, the Canadian interests, relying upon their special preferences from Britain, were confident of separating the American West from the East and making it a Canadian annex. In the language of one of the official

dispatches referring to the proposed plan of dealing with the western states : ' It is thus evident that their commercial interests, like those of the southern states, will eventually become separated from those of the eastern manufacturing states, and, with the high protecting duties imposed on British manufactured goods, will prove each day more obnoxious to them.' However, both Canadians and Americans were to discover that the most convincing schemes for annexing each other's trade were not so easily realized as might appear in advance.

As illustrating the complexity of the conditions to be dealt with, we find that during the autumn of 1842 there was a very considerable increase in the amount of American produce imported into Canada for reshipment to Britain, but during the following year there was a severe falling off in this trade, and the merchants of Buffalo were comforting themselves with the assurance that the Canadian plans had proved a failure. On further inquiry, however, one finds that the limited means of the Canadian capitalists had been so heavily invested in building mills and otherwise preparing for the new trade, that they had found themselves financially exhausted in 1843, and consequently unable to purchase American grain as freely as they wished. This defect was corrected in the following year, when the imports of American grain largely increased.

The commercial and milling interests of Montreal, which were chiefly benefited by the British preference on Canadian grain and flour, and by the transhipment and grinding of American wheat for the British market, made another move for the special advantage of their interests. They managed to get an act through the Canadian legislature establishing a differential duty on all goods imported to Canada by inland routes, in other words, from or by way of the United States. The object, of course, was to force the whole of the trade of Western Canada through the gateway of Montreal. Tributary transportation centres, such as Kingston and St Catharines, also favoured the measure, but the traders and farmers of Western Canada were greatly opposed to it, and did not cease their opposition even when the bill had become law.

The Board of Trade of Toronto gave expression to the views of the western merchants in a memorial to the queen dated April 7, 1845. Referring to the debate on the bill while before the legislature, it was pointed out that the intention of the measure, as frankly stated by its sponsors, was to force the trade between the Atlantic ports of the United States and Western Canada from its existing course via the Erie and Oswego Canals around by the St Lawrence route in order to secure for the new canals the tolls to be derived from this trade. On this the Board of Trade commented that, if the public works, which had been constructed at such enormous cost to the country, could be utilized only by placing ruinous restrictions upon the commerce of Western Canada, it were better that they should never have been undertaken. It was pointed out that New York was the chief market in which American goods were purchased; the distance from New York to Toronto was much the same as from Montreal to Toronto; the freight charges also were much the same. The differential duty was thus intended to outweigh the cost of freight between New York and Montreal, a long and difficult voyage. The burden at once of the extra duty and of the inconvenience and delay were to be borne entirely by Western Canada; but this was the district which was the mainstay of Canada, since it furnishes the greater part of the agricultural produce for export, and it should not be placed at the mercy of a few capitalists of Montreal. It was true that the rates of duty imposed by the recent act were not very heavy, and would not accomplish the object sought, but the principle was laid down in the act, and if accepted the rates would be increased as a matter of course until the object was secured. The protest, therefore, was directed against the principle of the act.

But undoubtedly the most interesting and far-reaching section of this memorial is that in which the board discusses the relative powers of the British and Canadian governments in dealing with the foreign trade of Canada. It refers with approval to the circular dispatch from Lord Stanley to the colonial governors dated June 28, 1843. The substance of this was that when discriminating duties were imposed on

goods imported to any of the British colonies for the purpose of protecting British or colonial interests, the colonial legislatures are not likely to have the necessary knowledge as to commercial treaties or as to the international consequences of their action, nor can several colonies act in harmony with each other in such matters; hence, confusion in imperial policy must result. Only, therefore, where the matter has been previously arranged with the home government can the colonies be permitted to impose differential duties. The various governors are therefore instructed to use all their influence towards preventing the introduction of such measures, but should they be persisted in, they must, when submitted for the governor's assent, be reserved for the consideration of the home government. The Toronto Board of Trade appeals to the principle laid down in this dispatch, and strongly approves of its wisdom and necessity. The board frankly states that it does not trust the Canadian legislature to deal properly with commercial matters, as 'the commercial interests of the colony are very inadequately represented in the popular branch.'

William Ewart Gladstone, as yet a comparatively young statesman, found himself face to face with this interesting and delicate question in self-government as one of the first which met him on taking over the Colonial Office. In his dispatch to Lord Cathcart, February 3, 1846, he stated that the essential question was whether this matter was one of imperial or colonial concern. From the imperial point of view the home government had no intention of imposing differential duties on any of the channels of entry to Canada, although it was true that the imperial statutes all favoured the St Lawrence route. If, however, the colonial legislature, in dealing with its own interests, chose to make such a discrimination in routes, it must be regarded as free to do so, provided that it did not interfere with the British interests. In another dispatch of the same date Gladstone added that the home government objected to the introduction of higher rates on British imports than existed previously, and was opposed to the general principle of increasing duties. This was, indeed, a very cautious treatment of the question, but

characteristic alike of the man and of the new *laisser-faire* policy of the home government.

Hincks's paper, the Montreal *Pilot*, was strongly opposed to the differential duties proposed, taking the same stand as the Toronto Board of Trade and the Western Canadian papers. The matter was further complicated by the American Drawback Act of 1845, which enabled American dealers in foreign goods, on re-exporting them to the British North American provinces, to obtain a drawback, or refund, of the duties which had been paid when they were imported to the United States. In Canada it was held, however, and afterwards confirmed by official rulings, that this act did not particularly affect imports into Canada, because British goods obtained from the United States would be treated as foreign goods, and pay the rates appointed for such goods, but similar British goods could be imported to the British North American provinces direct at considerably lower rates. The Canadian Differential Act was not disallowed, but was not further developed at this time. We shall find, however, this same question coming to the front in a more serious form during the period of the American Reciprocity Treaty.

## VII

## BRITISH TARIFF REFORM AND CANADA

THE historic Imperial Act, which brought long-sought relief to the working classes of Britain by terminating the corn laws, and which, in doing so, destroyed the special preference enjoyed by the Canadian grain dealers and millers, was passed on June 26, 1846. It did not at once abolish the whole of the duties on grain and flour, but it very greatly reduced them, and provided that after February 1, 1849, all the duties should be removed except the 1s. per quarter registration duty, or fee, on all grains, and 4½d. per cwt. on flour and meal. In the meantime the duty on wheat, which had ranged from £1 per quarter, when the price was under 51s. per quarter, to 1s., when the price was 73s. or upwards, was reduced to range from 10s. per quarter, when

the price was under 48s. per quarter, to 4s., when the price was 53s. and upwards. A corresponding reduction took place on all other grains and on the flour and meal produced from them.

The proposed change was officially announced to Canada in the speech from the throne, delivered on March 20, 1846, by Lord Cathcart, who had succeeded Lord Metcalfe as governor-general. In announcing the momentous approaching change in the commercial policy of the Empire, Cathcart stated that he had pressed upon the attention of the home government a due consideration of its consequences to Canada. This announcement had reference to his correspondence with Gladstone as colonial secretary, in which, voicing the sentiments of the executive council, he urged the necessity for continuing the protection to the colonial trade in wheat and flour, and pointed out that the internal communications of the provinces were undertaken on the ground of the advantages of sending wheat and flour to England via Quebec. It was shown also that practically all the surplus grain of Canada which was shipped to Britain was grown in Upper or Western Canada, and, if the preference were withdrawn and the Americans should permit the free export of Canadian produce through the United States, Canadian exports would go to Europe via the New York channels instead of the Canadian. Moreover, the Drawback Law of the United States, recently passed, had caused most of the imports of tea, sugar and other goods to come to Western Canada via New York. Again, the proposed change would directly affect the British shipping trade from Montreal. Finally, a decrease in the price of Canadian grain, which it was thought must result from the change, would lessen the ability of the farmers to purchase British goods.

Most of this line of argument, it may be observed, is almost the direct antithesis of that which was put forward when the building of the Canadian canals was advocated, and the money for constructing them was to be borrowed. Then it was maintained that the construction of the Canadian canals would undoubtedly render transport from the West to the sea so much cheaper by the Canadian route that,

not only would all Canadian traffic outward and inward pass through the Canadian canals, but practically all the Western American traffic would follow the same route. Indeed, so decided would be the advantage and so great the traffic via the Canadian route, that not only would the Canadian canals be self-supporting, but they would furnish so large a revenue that it would permit of abolishing all customs duties on British imports. Finally, the maintenance of a preference on the fragment of British food supplied by Canada was sought, the fact that such a preference was detrimental to the great mass of the British public being ignored. Yet the people who urged this narrow and selfish view on a great imperial issue were the members of the legislative council, and their commercial and financial allies, who regarded themselves as almost the only persons in the colony whose loyalty was unquestionable, and who had the truly imperial spirit and point of view.

Gladstone, in making his reply, quietly reminded this element that the British government was by no means unmindful of the interests of Canada, but that in a matter of British public policy of so great importance 'the supply of food for the people of this country, and the employment of its population, must be paramount.' In the changes regarding both the grain and timber duties, it proposed to regard the interests of the colonies by making them as gradual as possible. Moreover, it was the policy of the government to afford as complete freedom as possible to Canadian trade by admitting all forms of Canadian imports as nearly free of duty as possible. Thus the duties would be lowered from fifty to a hundred per cent on the following articles which might be furnished from Canada: pearled barley, butter, cheese, hams, bacon, salt pork, beef, peas, beans, rye and oats. Moreover, he reminded them of their claims as to the great things which the new canals were about to achieve for Canada.

The radical nature of the change in commercial policy upon which Britain had entered, which was not confined to removing the duty on food products, led to many secondary speculations and practical consequences. Among other

things, the adoption of a free trade policy in the matter of imports raised the radical and extensive question of the protective restrictions involved in the Navigation Acts. This question was almost immediately raised by the colonies, and was soon the centre of discussion on both sides of the Atlantic.

In the meantime several special and more exclusively colonial questions were raised. A speculative discussion immediately began in the Canadian and American papers as to the comparative advantages of the Canadian and American routes to the sea under the changed trade conditions. A number of American papers, believing that the only advantage possessed by the Canadian route was its being the medium for the introduction of American produce to the British market practically free of duty, were confident that when the term for the preference terminated in 1849, the American route to the ocean would supplant even the improved Canadian one, and that, instead of the western states becoming a commercial adjunct to Canada, as the Canadians had anticipated, Western Canada was more likely to become a commercial adjunct to the United States—a consummation which was particularly desired by those whose interests were associated with the Erie Canal route.

The Canadians themselves, especially in the chief centres of trade, were soon divided into two camps on the subject of trade policy. Quite a number, following the lead of the English free traders, held that the American claim would be justified in its concrete applications, especially in developing a new and distinctively Canadian line of policy. The majority, however, still adhered to the old lines, and supported the rapidly diminishing body of protectionist landlords in Britain, hoping for the restoration of the corn laws against the world, but with free trade and preference for Canada. Montreal, the chief centre of Canadian manufacture and finance, naturally took the lead in both the reactionary and the progressive policy. Soon after the passing of the act abolishing the corn laws, a Free Trade Association was formed in the city, the leader of which was George Moffatt. The members of this association, and their supporters and

sympathizers throughout the province, in following the movement towards free trade in England, had come to regard it as natural and inevitable. They felt strongly that the colonies had no right to expect a heavy burden to be maintained upon the food, timber and other supplies of the great majority of the British public, simply for the benefit of a few landlords in Britain, and still fewer commercial interests in the British North American provinces, where the great body of the people enjoyed cheap food and housing, and where only the luxuries of life and a few lines of manufactured supplies were high in price. This element, however, desired for British North America the full benefit of the free trade policy. It was reasonable that Britain should seek to obtain the food supply of her people and the raw materials for their industries in the cheapest markets available, but it was equally reasonable that the Canadians should be free to purchase their goods in the cheapest markets, which fortunately were mainly British markets, and be free also to avail themselves of the cheapest shipping facilities which could be obtained, especially when it was a question of transporting Canadian grain to the British market. Frequently, when Canadian grain required to be transported to Britain, few vessels were available, and these only at exorbitant rates. During the season of 1846 British vessels were particularly scarce at the height of the season for Canadian shipments, and rates advanced fifty per cent. In the language of the Free Trade Association : 'Thus this colony is importing at the same time under a twofold inconvenience, by the removal of protection and the prohibition of free trade.' They thus definitely advocated the abolition of the navigation laws, with the permission to employ any ships available for the conveyance of Canadian grain from the Atlantic seaports.

A point which immediately came up in connection with the announcement of the change in the British corn laws, was the future of the tariff on grain entering Canada from the United States. The duty of 3s. per quarter on American wheat had been imposed with the object of securing admission to the British market on the 1s. registration duty on Canadian flour, whether ground from Canadian or American

wheat. Now that the preference was to be abolished, there was no longer any valid ground for maintaining the duty except as a protection to Canadian grain-growers. Gladstone warned the governor-general not to raise the question of this duty, but to leave the initiative to be taken by the Canadians. If they wished to retain the duty for their own protection, well and good, but if they desired to repeal it, then well and better. The Montreal Board of Trade, however, which was particularly interested in this matter, immediately took it up before the British Corn Bill had passed. They sent a petition to the home government praying that it would recommend to the Canadian government the repeal of this act. It also urged the repeal of the imperial act imposing a duty of 2s. per barrel on American flour entering Canada. To this Gladstone simply replied that as regards the duties on goods entering Canada, the home government would follow the lead of the provincial government and accept its decision in the matter.

Finding that there was no chance of escaping the inevitable, the provincial legislatures of the British North American colonies devoted their attention to discovering in what other directions they might obtain some compensation for the preference they were about to lose. By common consent, they seized upon the remaining 1s. per quarter duty and petitioned to have it abolished, in order that they might have at least that much preference on their produce. Gladstone replied that this could not be abolished in one case and not in another, because it was not a fiscal but a registration duty.

The Quebec Board of Trade, in a petition to the home government early in 1846, after expressing the usual alarm at the proposed changes, declared that the United States, in addition to the Drawback Law passed in 1845, was now contemplating the free admission of Canadian produce to be shipped via their Atlantic ports. This was apparently a sound and legitimate policy when advocated by the Quebec and Montreal Boards of Trade with the object of diverting Western American grain and flour to the St Lawrence route, but when a similar proposal was made by the Americans

with reference to Canadian produce, it became very objectionable and certain to make of Canada a mere adjunct to the United States, ending in political absorption. A little later we shall find other Canadian representative bodies complaining, in equal alarm, that the Americans were not likely to permit the transit of Canadian grain through their territory and ports.

In the meantime, however, the Quebec Board of Trade continued its complaint that the imperial duties on imports by way of the St Lawrence, and the difference in tolls between the American and Canadian canals, were partly responsible for diverting Canadian trade to the United States, especially the import trade in tea, wine, fruit, sugar, coffee, molasses, etc. They advocated, as an offset to the attempted capture of Canadian exports, that all imports into Britain from and through Canada should be admitted free of any duty. The Montreal Board of Trade, in March 1846, adopted the same course, urging that the imperial duties on miscellaneous produce, such as salt meat, etc., entering Canada should be abolished, so that these articles could be shipped to Britain from the United States through Canada. At this time, although all duties collected on Canadian imports went into the provincial treasury, some of the duties were levied under imperial acts and some under Canadian acts. The former were imposed, not for revenue, but for the regulation of trade, in accordance with imperial policy, while the latter were for revenue mainly. In the latter part of 1846, Lord Cathcart urged the inconvenience of the double tariff on Canadian imports and stated that, if these could be combined into one tariff under the control of the Canadian legislature, it would simplify Canadian trade, and especially gratify the Canadian parliament. Somewhat later this proposal was carried out.

In response to the petitions of the various Boards of Trade, the colonial secretary stated that the British government was quite willing to alter the duties on imports if agreeable to the Canadian legislature. Such a radical change of policy indicates how readily, in principle at least, the British government, in adopting the principle of free trade for the mother country, was willing that the self-governing colonies should

be granted a similar measure of freedom. It is fair to say, however, that British statesmen hardly realized at the time how far this was likely to lead them. Where, however, there were conflicting interests in Canada, the home government wisely refrained from taking sides between the parties or sections of the provinces. Thus the commercial and shipping interests of Quebec and Montreal undoubtedly endeavoured to have the trade policy of the country adjusted to meet their interests, while the agricultural sections in the western portions of the provinces were as keen to safeguard their interests, even though they could scarcely be said to have recognized them so clearly as the others.

A practical compromise of the various interests was represented in seven resolutions reported by the committee of the whole house in April 1846. In essence, these resolutions favoured the repeal of the existing duty of 3s. per quarter on American wheat and the substitution of a 3s. duty upon foreign wheat not either re-exported or ground in bond for export as flour. It was also resolved that the Indian corn imported for re-export should be freed from the duty of 3s. per quarter imposed on it at the time. It was recommended that the import duty on unrefined sugar be reduced from 9s. 4d. per cwt. to 7s. 6d. Other resolutions changed the duties on leather goods so as to favour British or colonial goods imported direct from the sea.

All the petitions and memorials from Canada while the Corn Bill was still before parliament, were fairly respectful and seemed to recognize that the impending change was inevitable. The first note of a belligerent nature on the part of the colonial element found expression in an address to the queen from the Canadian assembly dated May 12, 1846. This address struck a very doleful note. It admitted, and even insisted upon, the essential inferiority of Canada as a productive country. The boasted superiority of its canals and water routes over their American rivals was entirely withdrawn, and we learn instead that, owing to the great disadvantages of transportation in Canada, it could not compete with the United States ; hence, when the bounties from the British tax-payers were withdrawn, Canadian public works would be most adversely

affected and agricultural progress retarded. The lessened purchasing power of British goods was not forgotten. On the contrary, it was made quite plain that, unless the people of Britain furnished the Canadians with cash, they would be quite unable to buy their goods. Here a new note came in, the note of threatened desertion, for the assembly calmly told Her Majesty that, if Canada were to be deprived of her customary subsidies, it became a question whether it would be worth while for the province to remain a portion of the British Empire, although separation would be regretted as a great misfortune. Taking another tack, the address pointed out that the provincial government had repealed all duties on American produce coming through Canada for export, while the Americans still levied prohibitive duties on Canadian produce of all kinds. Here we have the opposite complaint to that made by the Quebec Board of Trade. The real object in view is revealed in the closing section of the address, in which the legislative assembly petitioned the British government to enter into negotiations with the United States to secure the admission of Canadian produce to American ports on the same terms as American produce was admitted to Canadian and British ports.

In this address it will be observed that we have a prophecy of two alternative movements, which were before long to become burning questions in Canada, namely, the project of annexation and the agitation for a reciprocal trade with the United States.

In his reply to this address, Gladstone rose somewhat above the customary reserve of official correspondence. He referred to the rapid growth of Australia, which was then getting nearly twice as many English and Scottish settlers as Canada, and which, although the most distant and the youngest of the colonies, was being developed without any commercial protection whatever. He took an interesting survey of recent conditions as showing that in the gradual removal of protection, one stage of which brought to Canada for a time preferential treatment, the periodic predictions of ruin had never been fulfilled either in Canada or elsewhere. He repudiated warmly the idea that food taxes and the pro-

tective principle afforded any adequate basis for empire or for true commercial union, and protested strongly against the doctrine that the British Empire is built upon the principle that the mother country and the colonies must make themselves mutual burdens to each other, upholding rather the principle that they might become of mutual assistance through the freest possible trade relations. As regarded aiding Canada towards getting better markets in the United States, he promised every assistance, and indicated that the British government would give instructions to its minister at Washington to take up this question with the American government, and to do all that he possibly could in the matter. Thus were the reciprocity negotiations set on foot.

In the meantime the Free Trade Association of Canada, with John Young as chairman, instead of adopting the despairing tone of the assembly's address to the queen, boldly accepted the free trade point of view and proceeded to follow it out to its logical consequences as far as Canada was concerned. In a formal petition to Gladstone of July 17, 1846, the association pointed out that much Canadian capital invested in lines favoured by the British preference had received a heavy setback, but admitted freely the soundness of the British policy in the matter. The association held that since it had been necessary to take from Canada its preference in the British markets, it was only fair to relieve the province of the restrictions which it had to undergo in favour of Britain, and the preferences which it had hitherto been required to give the goods of the mother country in her markets. Coming at once to particulars, it set forth in a table the chief articles on which Britain enjoyed a preference in Canadian markets of from five to fifteen per cent. This included such essentials for a young country as all kinds of cotton, linen and woollen goods, ironware, machinery, glass and glassware, hats, manufactures of leather and paper, including books, together with sugar, coffee and fish-oil. When it is remembered that the normal rate of import duty on manufactured goods in the Canadian fiscal tariff was five per cent, an additional seven per cent on all such goods not obtained from Britain was a very heavy discrimination.

In order to retain what it could of the American transport trade through Canada, and of the opportunity to grind American wheat into flour for the British market, the Free Trade Association pointed out that ' We must, in like manner, remove every obstacle in the way, and hold out every possible inducement to the inhabitants of the United States to pass their merchandise through our country.' To this end the tolls charged on the canals should be made as moderate as possible, certainly not higher than was required to meet the working expenses, repairs, the interest on the cost, and the charges of the Sinking Fund, amounting altogether, it was estimated, to £100,000 annually. From the modern point of view this was certainly no light charge, and meant a very heavy tax on the transportation of the time; but it was very modest when compared with the expectations of a few years previously, when the canals were under construction, and were expected, when completed, not only to finance themselves, but to wipe out the provincial debt. The last point dealt with by the association was the absolute nature of the colonial preference enjoyed by Britain in the case of the Navigation Acts. Only British ships could carry Canadian produce to the mother country, yet, owing to the scarcity of British vessels suitable for the conveyance of wheat and flour to Britain, freights had been as much as fifty per cent higher than would have been necessary had the trade been open to foreign vessels.

## VIII

## THE NAVIGATION ACTS

MANY memorials and petitions were sent over from Canada following more or less the lines of that of the Free Trade Association of Montreal. The Hamilton Board of Trade demonstrated that it cost one-third of the value of a barrel of flour in Liverpool, say £1, 5s., to transport it there from the head of Lake Ontario, and only one-half of the value went to the farmer in Canada. Under existing conditions freights were higher by the Canadian

than by the American route. The Montreal Board of Trade furnished a table of freights to show how much Canada suffered from the restrictions of the Navigation Acts, which thus severely militated against the St Lawrence route.

In view of subsequent development in connection with the Reciprocity Treaty, an interesting statement was made by Lord Cathcart, the Canadian governor, in a dispatch to Earl Grey, who, owing to a change of ministry, had succeeded Gladstone as colonial secretary in the latter part of 1846. Referring to the numerous memorials which had been forwarded from Canada dealing with the situation created by the abolition of the colonial preference, he specially urged the necessity for a modification of the Navigation Acts, in order to permit of the maintenance of the St Lawrence route to Europe, upon which so much capital had been expended. It was essential to this result that a considerable share of the Western American traffic be secured, and he indicated that the Americans would take their produce down the St Lawrence in their own vessels, without the expense of transhipment, if the navigation of the St Lawrence were open to them. What was thus referred to as a means of facilitating the transport of American produce through Canada for the benefit of the Canadian canals was afterwards, with a becoming show of reluctance, conceded to the Americans as a very valuable privilege in the reciprocity bargain.

In connection with the necessity for modifying the Navigation Acts owing to the high freights charged by British vessels from the St Lawrence, it is an interesting fact that nearly two-thirds of the British tonnage which came to the St Lawrence for freights in 1845 and 1846 came out in ballast. Obviously, when these vessels could obtain double freights on other routes, they would not go to the St Lawrence, and when they did go, the homeward freights must bear the expense of the double trip. Hence the complaints of lack of vessels at certain seasons and of high freights at others, when only British ships were allowed to be employed.

From 1847 on, certain proposals became intimately

associated with each other, such as the modification of the Navigation Acts, the employment of American vessels to carry Canadian grain to Europe, the attraction of American traffic to the St Lawrence route, the extension of the freedom to navigate the St Lawrence to American vessels engaged in this traffic, and the obtaining of access to the American markets for Canadian agricultural products and lumber.

When the new St Lawrence canals were opened, partly in 1845 and fully in 1848, it was found that the expected control of the Western trade did not follow. It is true that the freight on a barrel of flour from Cleveland to Montreal was 2s. 9d., while to New York it was 4s. 6d., but the rates from Montreal to Liverpool between 1844 and 1847 ranged from 4s. 6d. to 6s., while from New York to Liverpool they ranged from 1s. 8d. to 2s. 6d. The difference on the whole rate from Cleveland to Liverpool was, on the average, in favour of New York to the extent of 1s. 6d. per barrel. In the face of such facts, the argument against the maintenance of the Navigation Acts in the case of Canada, once the preference in the British market was withdrawn, was too convincing to be evaded. In 1847 the British government granted a partial suspension of the navigation law as regards the carrying trade of the St Lawrence, pending an exhaustive investigation of the whole subject, which was undertaken in 1847. Under this suspension foreign vessels going in ballast to the St Lawrence might take grain to any port in Britain on obtaining a licence from the customs officer at Quebec. At the same time the Maritime Provinces did not regard this development very favourably. On June 26, 1848, a meeting was held at St John, New Brunswick, to protest against the proposed alteration in the navigation laws. Such alteration their resolutions declared to be destructive to shipowners, ruinous to shipbuilders, and detrimental to the prosperity of the Empire. But if the measure was to be persisted in, then the home government must find them markets for their produce elsewhere. Fortunately the fears of the New Brunswick people proved to be groundless; nevertheless markets were also found elsewhere. As a result of the investigation of the navigation laws, several

voluminous reports were presented to the British government in 1848. After much discussion and vigorous opposition, the historic British Navigation Acts, dating from Richard II, though first organized into a permanent system in the reign of Charles II, and upon which more than anything else the whole colonial and imperial system of Britain was supposed to have been built, were abolished in 1849. The bill for abolishing the existing shipping restrictions on the colonial trade was moved by the Right Hon. Henry Labouchere in a very able and interesting speech, in which he reviewed the whole history of the British Navigation Acts, and frankly confessed that the chief reasons for the proposed changes at that time were the abolition of the preferential treatment of the colonies in the British markets as regards their exports, and the consequent injustice of forcing them to continue a corresponding preference to the mother country on their own carrying trade. The colonies particularly affected were, of course, Canada and the West Indies. The coasting trade of Britain itself was still to be reserved for British vessels, as also the coasting trade of the colonies, but with permission to the colonies, with the approval of the home government, to alter this feature of the law as might be necessary or advantageous for themselves. As far as Canada was concerned, the act abolishing the Navigation Acts came into full operation on January 1, 1850. From that date Canada has regulated her own navigation system.

## IX

## THE AGITATION FOR RECIPROCITY

COUPLED with the desire of the Canadian executive council for the removal of the restrictions of the Navigation Acts, was the desire to secure for American vessels the free navigation of the St Lawrence, that they might be induced to carry their grain from the head of the Lakes through to Montreal without transhipment. On the other hand, the Canadian farmers were anxious for access to the American markets. In 1848, however, they were shut

out of these markets by prohibitive duties, such as twenty-five cents per bushel on wheat. It was hoped, therefore, to obtain by negotiation an exchange of favours. The Americans might open their markets to Canada, while the Canadians undertook to secure for the Americans the free navigation of the St Lawrence. It was hoped that these arrangements might be speedily effected, because already, since the granting of the bonding privilege on Canadian exports and imports through the United States, an increasing amount of Western Canadian trade was being transacted by way of the American ports. The home government, with its customary indulgence of almost every Canadian demand at this period, agreed that the Americans should be granted the free navigation of the St Lawrence if the Canadian legislature so desired, but on the understanding that the privilege might be withdrawn at the pleasure of the British government.

Francis Hincks, who, on the return to power of the Liberal government under Baldwin and La Fontaine, once more took charge of the provincial finances and was a strong advocate of reciprocal trade, urged upon Lord Elgin the necessity for promoting reciprocity negotiations with the United States government.

The commercial element of Montreal, whose leaders had so eagerly taken up the free trade idea when the corn laws were abolished, on finding that the Western trade, both inward and outward, tended to pass through United States channels, and that the Western Canadian merchants purchased American goods, were inclined to revise their views, but could not quite determine what was the best course to pursue. They could at least abuse those who were responsible for the change in the British corn laws and all those who sympathized with them. Hence, as Lord Elgin stated in the summer of 1847, 'The Committee of the Board of Trade of Montreal were last year free traders. This year they have been replaced by protectionists, and their organ, the *Canadian Economist*, has been discontinued.' In their communications during 1848, the language of the Board of Trade in its petitions tended ever more in the direction of

suggesting commercial, ending in political, annexation to the United States. Hence the authorities could not have been much surprised at the culminating declaration of 1849. As a sort of ultimatum to the British government before taking their last and most drastic step, the issue of the celebrated Annexation Manifesto, the commercial element of Montreal, through the Board of Trade, on December 14, 1848, submitted two proposals which combined both free trade and protectionist principles, and required the fiscal system of the Empire and the price of the food supply of the British people to be adjusted to meet the needs of the chief Canadian port. These proposals were, first, to repeal the navigation laws and throw open the St Lawrence to foreign vessels; second, to reimpose a duty of 5s. per quarter on all foreign wheat and flour, but to admit free that from the colonies, which meant from Canada, and to accept as Canadian all wheat passing through Canada to the British market. This latter proposition is backed by the usual assertions that, while it would insure an immense revenue for the Canadian canals, and enable the government to repeal the duty on British goods, and also bring in a revenue of £1,000,000 to the British Treasury, not to mention what it would do for the Montreal merchants, it would really not take a cent out of the pockets of the British taxpayers or cost the British public any more for their food; the foreigner would kindly pay it all.

The Quebec Board of Trade lent a quaint touch to the discussion. Its members also desired the reimposition of a duty of 5s. on all wheat entering Britain except through their doorway, but they desired more. They wanted the re-establishment of the preference on British American timber for their own special benefit. The council of the board, however, had petitioned for the repeal of the Navigation Acts as well. Such an unblushing demand for the stakes, whether heads or tails turned up, evidently troubled the consciences of a number of the members of the board, for they called a special meeting, and, by a majority vote, repudiated the action of their council in praying for the repeal of the Navigation Acts. It was not considered consistent with

either modesty or good policy to urge the repeal of the preferences in favour of Britain while they were petitioning for the restoration of two other preferences in favour of themselves. Realizing what the people of Britain had just escaped from in the way of import duties on their food, the British government were not moved by this appeal. They had therefore to take the consequences, for the Annexation Manifesto soon afterwards stalked forth.

The people in the Maritime Provinces had not suffered from the repeal of the corn laws, as they did not send grain to Britain, but they were undergoing a very severe depression, and had lost most of the preference on their timber in Britain, as also their monopoly of the West Indian market. In casting about for new lines of development they were looking to both Canada and the United States, hoping to develop closer trade relations with each. Early in the summer of 1848 large meetings were held at St John and Fredericton, in favour of free trade with the United States. Resolutions were passed which declared that, owing to the change of policy on the part of the home government, the Province of New Brunswick had suffered in its trade with Britain and lost its trade to the West Indies ; it must therefore enlarge its markets elsewhere, and, as it is desirable that adjoining countries having a diversity of productions should trade with each other, a reciprocal free trade should be established between New Brunswick and the United States. Sir Edmund Head, lieutenant-governor of New Brunswick, in informing Earl Grey of the movements which were on foot, stated that it was understood that negotiations were taking place with a view to establishing reciprocal trade relations between Canada and the United States, and that his province was particularly anxious that it should not be overlooked in these negotiations, because if any good bargain was being made, it wished to share in it.

As yet the trade between Canada and the Maritime Provinces was very limited. While Canada was sending her grain and flour to Britain under the preferential system, she cared little for the trade of the Maritime Provinces, although they were heavy importers of flour and other food products.

Thus the amount of flour sent to Nova Scotia, New Brunswick and Newfoundland altogether for the three years from 1844 to 1846 was as follows :

| | | |
|---|---|---|
| 1844 | . . . | 19,630 barrels |
| 1845 | . . . | 26,694 ,, |
| 1846 | . . . | 35,152 ,, |

But when in 1846 the abolition of the corn laws was decreed to take effect in 1849, with their reduced preference for Canada in the meantime, the Canadian merchants began to cultivate the Maritime Province markets, with the result that the exports increased considerably for the next three years, from 1847 to 1849. They amounted to about 66,000 barrels for the first two years, and 79,500 barrels for the last year. For the first two years, however, after the complete abolition of the preference, the Canadian export to the Maritime Provinces nearly doubled. These provinces, on the other hand, had been quite as indifferent to Canadian markets for their own produce. A characteristic attitude was that taken by a Nova Scotia paper with reference to the proposal of the Montreal *Herald* that the mines of Nova Scotia might better send their coal to Montreal than to the United States. The reply was that Nova Scotia certainly had abundance of coal to supply both Montreal and Quebec, but it was indicated that if these places desired the coal they would have to send for it, as apparently the Americans were doing. The idea of Nova Scotia undertaking to develop its own coal-fields and to send the product to these markets did not seem to have occurred to any one. Up to that time the people of the Maritime Provinces, even more than those of Canada, had relied upon external assistance, chiefly from the mother country. One is reminded of the criticism which their distinguished son, Haliburton, under the guise of Sam Slick, had passed upon them when he declared to the people of Nova Scotia, some ten years before, that their backwardness was all their own fault. 'You have no spirit and no enterprise, no industry and no economy.' Not so very different was the reply of George Moffatt of Montreal when some one was giving as the reason for the slow development of Canada

as compared with the United States that the people of Canada were not so fully developed as the Americans. His reply was that the Canadians were just as capable as the Americans if they would only exert themselves, become enterprising, and not depend so entirely upon artificial stimulus from the mother country.

The years 1848 and 1849 were critical years, not only for Canada, but for the whole world. The revolutionary outbreaks in Europe created much alarm and almost paralysed the trade of the continent, which in turn affected British trade, itself suffering from the collapse of the recent railway mania. But whatever affected British finance was immediately reflected in the United States as well as in Canada, to whose suffering at the time was added the burden and semi-panic of a great influx of Irish immigrants in 1847-48, bringing with them a terrible plague of typhus fever. At the same time the throwing of Canada back upon herself had in some ways a beneficial effect, since it led to a realization that hitherto the prosperity of the country had been too completely at the mercy of outside markets and the existence of British preferential treatment. The more far-sighted realized that the British colonies must become in fact as well as in name, economically as well as politically, more independent and self-supporting. Hence a strong movement was set on foot for the development of manufacturing industries in Canada, which, on the one hand, would lead to a more extended home market for Canadian produce, much of which could not be profitably exported ; and, on the other hand, would give to the productive industry of the country a much broader and firmer basis. Associations for the encouragement of home manufactures sprang up, and, indeed, from this period dates a very strong protectionist sentiment, which made considerable headway in Canada before Confederation. Already very successful local industries in the way of iron foundries, furniture factories, machine shops and woollen mills had been developed in a number of Western Canadian towns, such as Dundas, Galt, Paris and Brantford. Few of these manufacturing industries were on a large scale, most of them being intended to supply comparatively local needs. When trans-

portation, especially by rail, was much more fully developed, larger and more centrally located industries, with a higher type of organization and more perfect labour-saving devices, grew up and took the place of many smaller concerns. The development of these manufacturing industries in considerable numbers brought with it the claim for fiscal protection, and fiscal protection when applied to British goods brought forth numerous protests from British manufacturers and led to several sharp passages between the Canadian government and the Colonial Office, which in turn led to a further definition of the extent of the fiscal freedom secured by Canada as the result of the free trade movement in Britain. This growth of manufactures and of the effort to secure protection for them also led to difficulties with the United States over the practical working out of the Reciprocity Treaty.

Meantime the Canadian tariff had been going steadily upwards since the Union in 1841. This was found necessary in order to meet the interest on the money borrowed to complete the public works, from which so much was expected. As yet the British capitalists, other than the limited number directly interested in Canadian trade, had not looked upon Canada and the other British provinces as attractive fields for investment. In 1849 Francis Hincks, minister of Finance, in preparing a statement for the information of the British public, found it necessary to voice the old complaint that 'the British capitalists do not choose to place the same confidence in their honour that they did in that of the people of the United States, whose bonds are salable without difficulty.' Canadian securities were never quoted in the British stock lists, while those of each individual state in the Union were listed. The great handicap of Canada was that her public works, especially the canals, were very costly in proportion to the state of the country's development. Moreover, just at this juncture, when the large canals were nearing completion, the rapid development of railroads in the adjoining states was changing the whole aspect of continental traffic, and required that Canada should enter upon another era of extensive private and public expenditure before she had at all recovered from her previous outlay. Already surveys

were being made for the Intercolonial Railway and for the Grand Trunk and Great Western Railways ; in fact, a regular railway programme was being laid out which was to be actively undertaken within the next decade.

One source of British indifference to the North American provinces was the impression which had resulted from the dissolution of the old bonds which had bound Canadian trade and commercial policy so absolutely to national, rather than imperial British, interests. The old system of mutual preferences and restrictions having been dissolved, it appeared for a time as though no further ties remained, and that more or less automatically the colonies and the mother country must drift apart. Where there was no actual rupture, the formal movement for separation must, of course, come from the colonies, but, apart from the Annexation Manifesto, which was a purely local affair, no such movement took place, because Canada was in constant need of British financial and political assistance, not merely in a commercial way, but in the form of specific imperial assistance from the British Treasury.

The Annexation Manifesto of 1849 was simply a cry of despair on the part of the commercial interests of Montreal, which under the British preference had lived upon the traffic in American produce passing through Canada to qualify for the British market. Montreal was living in virtual commercial isolation in Lower Canada, and gradually losing its command over the commerce of Upper Canada, which, since the introduction of the bonding system in the United States, was admittedly drifting to that country. Experience was demonstrating that the improvement in navigation through the opening of the new canals would not immediately at least restore to Montreal its control over the western traffic. Hence, after a final attempt to induce the British government to restore the preference on grain and flour sent from Canada, many of its leading merchants, and some of those in other parts of the country directly depending upon them, concluded that only by becoming an integral part of the United States and enlisting the commercial enterprise and resourcefulness so characteristic of the economic life of

the adjoining states, could the interests of Montreal be restored. They passed in review all the possible remedies, rejecting each in turn. The first was the revival of agricultural protection in England against all but Canada, which was declared to be 'but a partial remedy,' and now impossible, as 'the millions of the mother country demand cheap food.' Next, the adoption of the American system of protection to home industries: but this was regarded as too slow, and the free trade field within the protection wall too narrow to be an effective remedy. The federal union of the British North American provinces, either as part of the British Empire or as an independent republic, would doubtless enlarge the free trade market, but it would be a long and tedious process and the results very uncertain, and in the case of a republic all kinds of national and international difficulties would be added. Reciprocal free trade with the United States as regards the products of the farm, the forest and the mine, would be good enough so far as it went, but even at best it would be but an instalment of what might be obtained by complete union. Each one of these alternatives was being actively advocated at the time of the annexation proposal, but the Annexation Association had concluded that the only remedy which remained was 'a friendly and passive separation from British connection and a union upon equitable terms with the great North American Confederacy of Sovereign States.' The whole discussion showed that only the commercial aspect of the question had been at all considered, and that from the point of view of Canada alone. The important political and international issues involved had not been seriously pondered, nor the other sections of the country consulted. It was a purely local and spasmodic movement, which was doomed to failure.

Another organization, the British American League, furnished an antidote to the Annexation Association in Montreal. Its first meeting was held in Kingston in July 1849, and the second one in Toronto in November. The league advocated a political union of all the provinces with extended powers of self-government, and, on the commercial side, either the restoration of the British preference on

Canadian produce or the securing of access to the American markets.

These various movements were significant as indicating an awakening interest in the larger destiny of the country, and assisted at least in stimulating the movement for securing new markets for Canadian goods. Not that the British markets had been in any way closed to Canadian products; on the contrary, they were now open to a larger variety of Canadian wares than ever; but, since Canada had lost her preference on wheat and flour sent to Britain, her attention was no longer riveted on that market alone, or her activities confined without question to the shipment of practically two lines of export—wheat or flour, and timber. A market was desired for a larger variety of Canadian products, and there were only two directions in which such openings were to be found. One was in the Maritime Provinces, hitherto almost entirely neglected, and the other in the United States. The latter was, of course, much the larger and more varied market, and the one most immediately accessible from the agricultural regions of Western Canada.

Since 1836 the Canadians had from time to time urged that the British authorities should take up with the United States government the question of reciprocal trade with Canada. Nothing serious, however, had been attempted until the repeal of the corn laws rendered the home government particularly anxious to find a market for Canadian produce in any other possible direction. Hence, as we have seen, Gladstone had promised, in 1846, to have the matter taken up by the British minister in Washington, and at this time some correspondence on the subject had taken place between the United States minister and the British government. It appears that the American executive government was not averse to further discussion on the subject. In 1846 the United States Congress passed the act establishing the bonding privilege for Canadian exports and imports passing through American territory. It fell to the lot of the succeeding British government, however, to take up the question, and urge it upon the attention of the United States authorities.

Lord Elgin, on arriving as governor-general in 1847,

immediately took up the question, and was chiefly instrumental in keeping it before the attention of the home authorities. He proposed to combine the granting of the freedom of the St Lawrence navigation with the request for the free admission of Canadian produce to the American markets. He considered also that a special treaty, involving mutual concessions, rather than an act of Congress, specifically breaking in upon the American protective system, would be more likely to find favour with the people of the United States, and give less ground for adverse criticism.

In July 1847 William Hamilton Merritt introduced his reciprocity resolution in the provincial parliament. In the following year a delegation from Canada visited Washington to urge the claims of reciprocity. The Canadians met with a cordial reception. A bill in favour of reciprocity was introduced in the House of Representatives and passed. Before being sent to the Senate, however, I. D. Andrews, United States consul at St John, New Brunswick, and an enthusiastic advocate of freer trade relations with British America, was called to Washington in consultation with the executive. In his younger days Andrews had been connected in frontier trade with New Brunswick and, like most frontier merchants of that time, had indulged in much free trading in spite of the law. As consul, he had corresponded in 1845 and 1846 with James Buchanan, the American secretary of state, on the colonial trade, with special reference to the coming changes in the British commercial policy, representing the desirability of establishing closer trade relations with the British North American colonies. When summoned to Washington, he strongly advocated a wider measure of reciprocity than that which had passed the house and which referred only to Canada, urging that the fisheries of the Maritime Provinces should be included, and the free navigation of the St Lawrence and the St John. As a result of his representations the American bill did not go further.

In 1849 Canada passed an act offering free reciprocal trade to the United States in certain specific articles, covering the natural products of the farm, the mine and the forest. Merritt was again sent to Washington, and again the desired

reciprocity bill passed the House of Representatives, but was defeated in the Senate. In July 1849, Andrews was appointed by the new secretary of state, John M. Clayton, as a special agent to visit the different British American provinces 'to collect statistics, information relating to the history, condition, and future prospects of these colonies.' He spent most of the time, from September 1849 to April 1850, in gathering information from original Canadian and American sources, the official returns not being very reliable. As the result of his report, the Committee on Commerce brought in a bill in 1850 which also provided for the free navigation of the St Lawrence. President Taylor also took the matter up in a favourable message to Congress, but a bitter agitation which arose over the slavery question, and the death of the president in July, prevented further action.

Andrews's first report was published in February 1851, but he was again commissioned under a resolution of the Senate to make a further report on the trade and commerce of the British North American colonies, and upon the trade of the Great Lakes and Rivers. This very voluminous report, containing a mine of information on the subjects dealt with, was submitted to the secretary of the Treasury and was published in 1852. Two particularly well-informed Canadians, W. H. Merritt and T. C. Keefer, had devoted much time and research to the work of assisting in its preparation. Incidentally the report of Keefer on the imperfect condition of Canadian statistics led to considerable improvement in their collection and presentation from 1853 onwards.

Little progress was made in 1851 and 1852 beyond attempts to enlarge the scope of the proposed reciprocal measure by including the fisheries of the Maritime Provinces and the free navigation of the St Lawrence. Francis Hincks, provincial minister of Finance, went to Washington early in 1851 in the hope of getting through the original proposal, which related to Canada only. While on this mission Hincks issued a more or less confidential letter, 'printed for convenience of reading and not for circulation, addressed to the Hon. R. M. M$^{c}$Lane, chairman of the Committee on Commerce of the House of Representatives. This com-

munication throws some very interesting light both on the attitude of the Canadian government at the time and on the claims and criticisms of the American government just before the abrogation of the treaty. Hincks desired to state the grounds on which the reciprocity bill, which had been several times before Congress, was urged by Canada. He first passed in review the altered situation of Canada owing to the change in the colonial policy of Britain. In 1846 the imperial parliament had formally abandoned control of the Canadian tariff. This change had given Canada at once political and commercial freedom, and the Canadians were anxious to establish better commercial relations with the United States. They had removed the provincial duties on American produce, and admitted American manufactures and foreign goods purchased in the United States on the same terms as British goods. Canada had not at the time stipulated for similar treatment for her goods in the American markets, but it would have been good policy on the part of the United States to grant reciprocal treatment. Since that time, American manufactured goods had been pouring into Canada. As an indication of the increase in this trade, the duties collected at Toronto had increased within a few years from $30,000 to $400,000. Other ports, such as Hamilton and Kingston, showed like results. In consequence of this import trade, the Canadians had found it convenient to export their produce by the same channels, to the advantage of American shippers as well as of their canals and railroads. Lately this trade had been checked by heavy duties levied by the Americans on Canadian imports, such as lumber and bread-stuffs.

It was the standing American objection to reciprocity, that the United States would obtain no equivalent advantage for opening its extensive markets to Canadian produce. Hincks met this by pointing out that to encourage the import of Canadian natural products would induce Canadians to purchase American manufactured goods, and to ship their produce by American routes. The extra population thus employed in the United States in manufacture and shipping would increase the American demand for food-stuffs quite as much as the Canadian market could supply. In this line of argument Hincks

was undoubtedly holding out to the Americans the prospect of their taking the place of England to a large extent in the supply of manufactured goods. There was the natural sequence also of the Erie Canal and the port of New York taking the place of the St Lawrence route and Montreal and Quebec.

Taking another line of argument, Hincks pointed to the fact that Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland had been for years among the best customers of the United States, especially for food products. At the time there was a revenue tariff on flour in those provinces varying from twenty-five to seventy-five cents per barrel, but within the last year arrangements had been made for the free exchange of natural products between Canada and the other provinces, except Newfoundland. This arrangement, with a tariff against the United States, would tend to divert trade from New York to intercolonial channels. In any case it was impossible to assume that Canada would continue to take goods from the United States if reciprocity were denied her. He observed also that the advocates of retaliation in Canada were rapidly gaining ground. The reimposition of differential duties in favour of the St Lawrence was strongly advocated at Quebec and Montreal, and such duties would be welcomed in England by those who were hoping to reimpose the corn laws and the old protective system. Another policy which was advocated with considerable success in Canada was that of closing the Canadian canals to American vessels, which would be a very serious matter for the Western American trade.

By his various arguments Hincks convinced a number of those at Washington who were inclined to take an interest in this matter, but the threatened crisis from the slavery question just then overshadowed all other issues and prevented the reciprocity question from obtaining any adequate hearing. Hincks returned to Canada disappointed, and, being a man of strong purposes and vigorous action, he immediately set himself to realize the alternative proposition with the veiled threats, which he had expounded to M$^{c}$Lane. He took up the Intercolonial Railway project and set himself to develop closer trade relations with the Maritime Provinces. On

the other hand, he advocated the closing of the Canadian canals to the Americans, the imposing of heavy duties on American imports, and the taking of active measures along the line of the British claims to protect the fisheries from American poachers. From this latter movement incidentally dates the nucleus of the Canadian navy.

Daniel Webster, as United States secretary of state, found it necessary to remonstrate with the British ambassador, Sir Henry Bulwer, with reference to the coercive measures adopted by Hincks. The whig ministry endeavoured to maintain a compromise, but they were defeated in 1852, and their successors adopted the coercive policy as regards the fisheries. The British fleet was sent to the fishing grounds, and the Americans replied by sending Commodore Perry to protect their fishing interests. The two naval commanders, being sensible men, avoided any rupture, while the politicians managed to agree on a resumption of negotiations, Webster being personally in favour of reciprocity. President Fillmore sent messages to Congress favouring a reciprocity convention, including a settlement of the fisheries disputes, the free navigation of the St Lawrence, etc.

On the death of Webster, Edward Everett became secretary of state and was willing to accept free of duty provincial fish, provided the Americans were admitted to the inshore fisheries. Nova Scotia objected to granting the Americans any right to the inshore fisheries, notwithstanding that the people of the province were making little use of them.

In March 1853, Franklin Pierce became president of the United States with William L. Marcy as secretary of state. Andrews was once more called in, and in August accompanied the secretary of state and the British minister to Berkeley Springs, where an outline of the treaty was arranged. Andrews was entrusted by President Pierce with a special mission to the various Canadian provinces. The president claimed that the proposed terms of the treaty had been submitted by him to the British government; at the same time both he and his secretary of state doubted whether the treaty could be carried in the Senate. On the other hand, the British provinces were not agreed or united among themselves

as to the basis of reciprocal trade and the fisheries. The president professed himself anxious that the treaty should be acceptable to all the provinces, and that this first treaty with Britain entirely relating to the colonies should settle all outstanding questions between the colonies and the United States. The terms of the treaty were fully agreed upon in August 1853, but it was not finally sanctioned until June 5, 1854, owing to the difficulty of securing the consent of the various provinces and of the United States Senate.

Though New Brunswick had asked not to be left out if such a treaty were being made with the United States, there was a strong element in both Nova Scotia and New Brunswick opposed to the treaty, while the United States democratic Senate was more than doubtful. Andrews did much towards securing the assent of the Maritime Provinces, owing to his acquaintance with public men there and his intimate knowledge of local conditions. In the United States special interests opposed the treaty. Pennsylvania objected to free coal, Maine to free lumber, while the middle and southern states claimed that sugar and tobacco, which were their natural products, should enter Canada free. Unwrought tobacco was afterwards included in the list.

## X

## THE RECIPROCITY TREATY

A COMPLETE narrative of the putting through of the Reciprocity Treaty would involve many picturesque details. There was much journeying to and fro, carefully planned interviews, elaborately organized press campaigns, dinners galore with unlimited champagne, serving as a meeting-ground for many important people who required to impart or to receive light on the subject. Lord Elgin, while on his special mission to Washington accompanied by Francis Hincks, then Canadian prime minister, was the central figure at many of the most notable of these dinners. His function was not to make the treaty, but to persuade the democratic majority in the Senate to pass it, a task which both President Pierce and Secretary of State Marcy did not

think could be accomplished. Thanks, however, to Lord Elgin's diplomatic skill and charming personality, he was entirely successful, and the treaty was passed. The influence of the governor-general was also all-important in getting the measure ratified by the legislatures of the various provinces, the greatest difficulty being experienced in Nova Scotia, which profited most from the treaty. The treaty went into effect in Canada on October 18, 1854, and in the United States by proclamation of the president on March 16, 1855.

There were seven articles in the treaty : the first granted to the Americans the liberty of the inshore fisheries except for shell-fish in the waters of the British North American provinces ; the second granted similar privileges to British subjects in American waters ; the third gave a list of products which were granted reciprocal free trade in each other's territories, chief of which were grain, flour and bread-stuffs of all kinds, smoked and salted meats, cotton, wool, seeds and vegetables, fruits, fish and their products, poultry and eggs, undressed hides, furs and skins, stone and marble unworked, salt, butter, cheese, tallow, lard, horses, manures, metallic ores of all kinds, coal, pitch, tar, turpentine, ashes, timber and lumber of all kinds, plants and trees, pelts and wool, rice, corn, brick, gypsum and grindstones, wrought and unwrought, dies, flax, hemp, tow, unwrought or wrought tobacco ; the fourth granted to the Americans the free navigation of the St Lawrence and the canals between the Great Lakes and the Atlantic, with the corresponding right to the British subjects on Lake Michigan,—and the government of the United States further engaged to urge upon the state governments to secure to the subjects of Her Britannic Majesty the use of the several state canals on terms of equality with the inhabitants of the United States, the Americans to enjoy the liberty of floating their timber cut in Maine down the St John River. Under article five, the treaty was to continue in force for ten years, but might afterwards be abrogated by either party giving one year's notice. Article six provided for the extension of the terms of the treaty to Newfoundland, while the last article simply made arrangements for its mutual ratification.

From the time the treaty went into operation, the trade between Canada and the United States greatly increased. This happened to coincide with the outbreak of the Crimean War and the shutting off of one large source of grain supply for the British markets. Not only was the volume of Canadian and American agricultural produce vastly increased, but prices were exceptionally good, and Canada entered upon a period of great prosperity. The varied market furnished in the neighbouring states for the lumber, coal, and other minerals and fish of the Maritime Provinces, stimulated the trade of those colonies. The following tables will show the condition of Canadian and the Maritime Province trade from 1850 to Confederation, and indicates the extent to which the trade of these provinces was influenced by the introduction of the Reciprocity Treaty and by its abrogation in 1866. As the greater part of the trade which was not conducted with the United States went to England, it enables us to see how the general trade of the provinces expanded or contracted apart from that directly affected by the Reciprocity Treaty.

PROVINCE OF CANADA (NOW ONTARIO AND QUEBEC)

| Years | Total Imports | Exports to all countries | | Total Imports from United States | Exports to United States of Home Produce | Exports to other countries in bond through United States | Imports from other countries in bond through United States |
|---|---|---|---|---|---|---|---|
| | | Home Produce | Total Exports | | | | |
| | $ | $ | $ | $ | $ | $ | $ |
| 1850 | 16,982,068 | 12,943,795 | 12,943,795 | 6,594,860 | 4,951,159 | .... | .... |
| 1851 | 21,434,790 | 13,810,604 | 13,810,604 | 8,365,766 | 4,071,545 | .... | .... |
| 1852 | 20,286,493 | 15,307,607 | 15,307,607 | 8,477,693 | 6,284,522 | .... | .... |
| 1853 | 31,981,436 | 23,801,303 | 23,801,303 | 11,782,147 | 8,936,382 | 1,789,077 | .... |
| 1854 | 40,529,325 | 23,019,190 | 23,019,190 | 15,533,098 | 8,649,002 | 1,868,817 | .... |
| 1855 | 36,086,169 | 28,188,461 | 28,188,461 | 20,828,677 | 16,737,277 | 4,475,229 | 4,463,773 |
| 1856 | 43,584,387 | 32,047,017 | 32,047,017 | 22,704,509 | 17,979,754 | 3,463,204 | 4,926,922 |
| 1857 | 39,430,598 | 27,006,624 | 27,006,624 | 20,224,651 | 13,206,436 | 1,426,846 | 5,582,643 |
| 1858 | 29,078,527 | 23,472,609 | 23,472,609 | 15,635,565 | 11,930,094 | 2,558,742 | 2,057,024 |
| 1859 | 33,555,161 | 24,766,981 | 24,766,981 | 17,592,916 | 13,922,314 | 2,023,005 | 4,546,491 |
| 1860 | 34,447,935 | 34,631,890 | 34,631,890 | 17,273,029 | 18,427,968 | 2,915,787 | 3,041,877 |
| 1861 | 43,054,836 | 36,614,195 | 36,614,195 | 21,069,388 | 14,386,427 | 1,114,513 | 5,688,952 |
| 1862 | 48,600,633 | 33,596,125 | 33,596,125 | 25,173,157 | 15,063,730 | 2,189,993 | 5,508,427 |
| 1863 | 45,964,493 | 41,831,532 | 41,831,532 | 23,109,362 | 20,050,432 | 2,392,110 | 6,172,483 |
| 1864 | 23,882,216 | 13,883,508 | 13,883,508 | 10,426,572 | 7,722,397 | 1,923,471 | 7,925,177 |
| 1865 | 44,620,469 | 42,481,151 | 42,481,151 | 19,589,055 | 22,939,691 | 3,837,639 | 6,511,771 |
| 1866 | 53,802,319 | 56,328,380 | 56,328,380 | 20,424,692 | 34,770,261 | 7,785,434 | 12,751,548 |
| 1867 | 59,048,987 | 48,486,143 | 48,486,143 | 20,272,907 | 25,583,800 | 7,082,766 | 12,397,168 |

## PROVINCE OF NEW BRUNSWICK

| Years | Total Imports | Exports to all countries | | Total Imports from United States | Exports to United States of Home Produce |
|---|---|---|---|---|---|
| | | Home Produce | Total Exports | | |
| | $ | $ | $ | $ | $ |
| 1850 | 4,077,655 | 3,290,090 | 3,290,090 | 1,310,740 | 387,000 |
| 1851 | 4,901,500 | 3,860,120 | 3,860,120 | 1,654,175 | 415,140 |
| 1852 | 5,553,003 | 3,981,675 | 3,981,675 | 1,966,050 | 418,960 |
| 1853 | 8,580,540 | 5,362,495 | 5,362,495 | 2,870,350 | 609,290 |
| 1854 | 10,343,865 | 5,521,075 | 5,521,075 | 3,556,170 | 489,650 |
| 1855 | 7,156,650 | 4,131,905 | 4,131,905 | 3,913,810 | 615,635 |
| 1856 | 7,605,890 | 5,366,755 | 5,366,755 | 3,572,570 | 867,425 |
| 1857 | 7,094,715 | 4,588,875 | 4,588,875 | 3,142,550 | 793,485 |
| 1858 | 5,813,855 | 4,053,895 | 4,053,895 | 2,821,225 | 818,510 |
| 1859 | 7,080,170 | 5,367,110 | 5,367,110 | 3,375,475 | 1,180,070 |
| 1860 | 7,233,700 | 4,581,860 | 4,581,860 | 3,441,085 | 1,241,890 |
| 1861 | 5,943,039 | 4,546,039 | 4,546,039 | 3,014,736 | 843,141 |
| 1862 | 6,199,701 | 3,856,538 | 3,856,538 | 2,960,703 | 889,416 |
| 1863 | 7,658,462 | 4,940,781 | 4,940,781 | 3,550,383 | 1,244,915 |
| 1864 | 8,945,352 | 5,053,879 | 5,053,879 | 3,316,824 | 1,266,148 |
| 1865 | 7,086,595 | 5,534,726 | 5,534,726 | 3,056,362 | 1,737,208 |
| 1866 | 10,000,794 | 6,373,705 | 6,373,705 | 3,743,869 | 1,855,944 |
| 1867 | 3,820,167 | 2,407,889 | 2,407,889 | 1,117,602 | 743,538 |

## PROVINCE OF NOVA SCOTIA

| Years | Total Imports | Exports to all countries | | Total Imports from United States | Exports to United States of Home Produce |
|---|---|---|---|---|---|
| | | Home Produce | Total Exports | | |
| | $ | $ | $ | $ | $ |
| 1850 | 3,600,000 | 1,550,000 | 1,550,000 | 1,028,000 | 428,000 |
| 1851 | 3,741,933 | 1,599,245 | 1,599,245 | 1,033,873 | 430,150 |
| 1852 | 7,085,431 | 3,033,590 | 3,033,590 | 2,079,545 | 589,650 |
| 1853 | 5,970,878 | 4,853,903 | 4,853,903 | 1,739,219 | 1,289,248 |
| 1854 | 8,955,410 | 6,238,340 | 6,238,340 | 2,876,440 | 1,593,380 |
| 1855 | 9,413,515 | 7,832,855 | 7,832,855 | 3,692,400 | 2,407,205 |
| 1856 | 9,349,160 | 6,864,790 | 6,864,790 | 3,392,950 | 2,068,580 |
| 1857 | 9,680,880 | 6,967,830 | 6,967,830 | 3,485,116 | 2,090,349 |
| 1858 | 8,075,590 | 6,321,490 | 6,321,490 | 2,918,375 | 2,053,225 |
| 1859 | 8,100,955 | 6,889,130 | 6,889,130 | 2,884,990 | 2,283,825 |
| 1860 | 8,511,549 | 6,619,534 | 6,619,534 | 3,258,952 | 2,231,629 |
| 1861 | 7,613,227 | 5,774,334 | 5,774,334 | 2,893,026 | 1,924,778 |
| 1862 | 8,445,042 | 5,646,961 | 5,646,961 | 3,027,015 | 1,811,137 |
| 1863 | 10,201,391 | 6,546,488 | 6,546,488 | 3,857,765 | 1,869,772 |
| 1864 | 12,604,642 | 7,172,816 | 7,172,816 | 4,303,016 | 2,446,770 |
| 1865 | 14,381,662 | 8,830,693 | 8,830,693 | 4,325,857 | 3,619,797 |
| 1866 | 14,381,008 | 8,043,095 | 8,043,095 | 4,041,844 | 3,288,550 |
| 1867 | 9,345,490 | 5,474,328 | 5,474,328 | 1,986,642 | 1,614,653 |

It is to be observed that Canadian prosperity in particular was, in a large measure, due to the construction of railways, and that these had given a very considerable impetus to Canadian trade before the Reciprocity Treaty was adopted. In 1849 there were only about fifty miles of railway in Canada. In 1854 there were thirteen railways under construction with a prospect of a mileage of 1980, of which 790 miles had been constructed at an expenditure of $50,150,000. The expenditure of so large an amount of capital in the country within a short time naturally stimulated all forms of industry, gave employment to thousands of workmen, and thus promoted immigration and led to the building up of new towns, the rapid rise in real estate values, and consequent speculation at once in town and farm lands. In fact, for several years both before and after the passing of the Reciprocity Treaty, in proportion to the settlement of the country at the time, there was just such a movement going on as characterized the north-west provinces of Canada in the year 1908 to 1912. New towns were springing up on the line of the Great Western Railway between Niagara and Windsor, and the older towns on the Grand Trunk Railway between Montreal and Toronto were growing rapidly. To a lesser extent the same results were observed on the minor lines of railways, such as that between Buffalo and Goderich. Public buildings, mills, factories, stores and dwelling-houses were being constructed in every direction, and municipalities were encouraged by the facilities offered by the Municipal Loan Fund Act to construct new civic buildings, introduce waterworks and drainage systems, improve the streets and bonus railways, and otherwise augment the capital expenditure of the country. Thus, quite apart from the Reciprocity Treaty, Canada had all the essentials for a very prosperous period, but, with the additional markets for both the sale and purchase of goods which it afforded, the effect was, of course, enhanced. In after years it became the custom to attribute the greater part of the exceptional prosperity of this period to the effect of the Reciprocity Treaty alone, when it is quite obvious that it was but one of several important factors contributing to a common result. All these factors acted

and reacted on each other to the mutual increase of trade and speculation, and their combination was much more effective than the individual contributions.

As the high price of wheat in Europe coincided with the exceptional demand for labour in Canada, owing to railroad construction and town-building, farm help became both dear and scarce; hence many of the farmers, confining their attention to wheat alone, neglected stock-raising, the making of butter and cheese, the rearing of poultry and the growing of vegetables and fruits. The result was that these articles in the face of the exceptional demand of the time, became relatively scarce in the leading commercial centres, prices advanced, and imports from the adjoining states became common. Between 1851 and 1857 the prices of most articles of food, such as grain, meat, dairy produce, vegetables and sugar, had increased at least fifty per cent, while such articles as wool, tallow and leather had increased one hundred per cent. The situation is very tersely put in an article in the *Canadian Merchants' Magazine* of June 1857:

> The rapid increase of population has created a demand for houses and for many of the necessaries of life which this country is unable to supply; and Hamilton, Toronto, and other Canadian cities have lately become large importers of butter, cheese and vegetables from the United States. The high price of wheat has doubtless given an undue preference to its cultivation, as farmers who once brought to market large quantities of butter, cheese, eggs and vegetables, now raise little else but the wheat; and at the present time there is an excellent opening for a large number of market gardeners in the neighbourhood of most Canadian cities.

Doubtless most of these articles might have been obtained from the more remote sections of Canada, but there were as yet imperfect means of transport, and the business of collecting and shipping such articles was but slightly developed in Canada, whereas it was more fully organized in the United States. Moreover, the means of communication between the United States and the Canadian cities mentioned were comparatively efficient.

In going over the leading imports to Canada during the first five years of the Reciprocity Treaty, it is interesting to observe what were the chief articles procured from the United States. First, in point of value, came grain of various kinds ; second, meat ; third, flour ; fourth, live stock ; fifth, coal ; sixth, fish and fish-oil ; seventh, tallow. Other important imports were : fruit, butter, cheese, firewood, blocks, furs, hides, lard, plants and seeds, rice, timber (including lumber) and tobacco. Thus most of the leading articles of Canadian imports from the United States were just the articles which Canada herself was chiefly exporting to the United States. The explanation is indicative of the normal movement of exchange both within and between countries where there are no artificial restrictions on trade. It simply meant that, owing to the natural geographical distribution of production and the corresponding difficulties in the way of communication between parts of the same country, with facilities for local communication between adjoining parts of the two countries, it was more convenient for certain portions of Canada to get supplies from the adjoining states than from itself, and more convenient for parts of the United States to get supplies from Canada than from their own territory. It also emphasizes the fact that trade is not national but individual and sectional. Similar facts are presented and similar conclusions reached when we survey the whole of the reciprocity area, including the Maritime Provinces as well as Canada. There we find that Nova Scotia and New Brunswick were importing flour from the states, while Canada was exporting it, and Canada was importing fish and coal, which the Maritime Provinces were exporting. As a matter of fact, most of the flour with which the Americans supplied the fisheries of the Maritime Provinces was of Canadian origin, shipped through the ports of Boston and Portland, while a great part of the fish and fish-oil obtained by Canada from the United States was originally from the Maritime Provinces. In the lines of import not affected by the Reciprocity Treaty, the British provinces obtained large quantities of goods either from or through the United States. Thus such articles as sugar, coffee, tea, tobacco, molasses,

groceries, boots and shoes and other articles of leather, furniture and house fittings, and several lines of hardware came either wholly or in great measure from the United States. Nearly all articles of clothing, cottons, woollens and silks, most fancy goods, earthenware, glassware, iron and staple lines of hardware, came almost entirely from Great Britain. During the period of exceptional prosperity from 1851 to 1856, Canada imported from Britain nearly twice the value of what she exported to it.

Although much of the trade with Britain was conducted through the United States, the greater part of the exports to the United States in the lines of grain and flour, though merged in the general American supply, contributed to the large export from the United States to Britain in these lines. In other words, the United States did not consume much Canadian grain or flour, but simply purchased it and sent it on to the British and other markets as American produce.

It was during the reciprocity period, when the wholesale and retail business of the country was increasing so rapidly, that there was generally introduced in the larger towns and cities that specialization of business in individual lines which afterwards prevailed until the recent development of the departmental stores. In the smaller towns and villages, however, the Noah's Ark of the universal purveyor, where barter constituted a large factor in exchange, still continued.

The public expenditure involved in the construction of the canal system had left Canada with a large public debt, and immediately on the heels of this came the still heavier railroad expenditure, partly supplied by private capital, but also heavily subsidized by the province and the municipalities. The government expenditure alone on canals and railways amounted to $20,000,000 each, while another $4,500,000 was expended on roadways and other public works. As usual, the period of prosperity in Canada, with which we are dealing, was quite at the mercy of conditions beyond her own borders. Her capital came entirely from abroad, and so far the very interest was in most cases paid out of the capital itself. The reaction from the extravagance of the Crimean War period produced a financial crisis in Britain in 1857. Then it passed

to the United States and Canada, very specially affecting the latter by calling a halt to the heavy capital investment, which revealed the fact that much of the Canadian prosperity was built upon capital expenditure and its prospective returns. Moreover, it indicated that these returns were most uncertain, and in several important cases there was little chance of recovering the capital, while profits were out of the question. The railroad companies were unable to complete their lines, municipalities could not find the interest on the money borrowed, and there was no longer the capital coming in from which to pay it and thus disguise the real situation from the ratepayers. In other words, the crisis of 1857, which was merely temporary in England, being followed in Canada by the poor harvest of 1858, resulted most seriously, and would have meant wholesale bankruptcy had not the government shouldered much of the burden, advancing $1,000,000 to the railroads and $500,000 to the municipalities to meet their interest calls.

This situation naturally had an important effect upon the finances of the country, and thus upon the tariff. In virtue of the great increase in expenditure, the government found it necessary to augment the revenue from time to time by increasing the customs tariff. Moreover, when the eastern railroads were approaching completion and the capital expenditure was drawing to a close, the Montreal interests once more took up their parable as to the artificial compelling of the inward and outward traffic of the western and more prosperous districts to pass by their doors, and, as far as possible, through their warehouses and financial institutions. Thus they began an agitation for differential duties in favour of goods imported direct from the sea either by rail or boat. This was, of course, confessedly an effort to divert traffic from the American channels and to favour British as against American lines of goods.

Every increase in the tariff brought renewed protests from the United States, while the introduction of differential duties threatened to bring matters to an acute crisis. The Americans argued that these changes constituted a virtual violation of the terms of the treaty, pointing out how com-

pletely they were at variance with the promises and inducements held out by the provincial treasurer, Francis Hincks, while negotiating for the Reciprocity Treaty. But Hincks was no longer Finance minister. In 1859 A. T. Galt, who was personally interested in the Montreal and Sherbrooke districts, was Finance minister, and was both politically and commercially opposed to the interests represented by Hincks. Matters became worse after 1860 and were quite acute in 1862. In 1861 the amount of dutiable goods entering Canada from the United States greatly diminished. Thus they fell from $8,346,633 in 1861 to $6,128,783 in 1862, and to $3,974,396 in 1863, and did not materially recover before the abrogation of the treaty in 1866.

During the early part of the reciprocity period, Canada had imported more from the United States than she had exported to them, though the difference was not so great as before the introduction of reciprocity. During the last four years of the reciprocity period Canada exported to the United States more than double what she imported from them. Even during the war period a large part of the trade between the two countries continued to be one of local convenience rather than of a strictly international character. In 1863 Canadians imported, chiefly at Kingston, for export via the St Lawrence, nearly three times as much wheat as they exported. On the other hand, the Canadian exports of flour to the United States greatly exceeded the imports. The exports of barley, oats and wool had greatly increased, while little or nothing was imported in these lines. In the matter of Indian corn the imports were considerable. The export trade in live animals was steadily on the increase, while Canada imported much American meat. The free navigation of the St Lawrence, which was expected to attract much American trade, especially from the upper lakes, failed almost entirely of its purpose. The Welland Canal continued to be almost the only one used by the Americans. In 1863 the Canadian tonnage on the Welland Canal was 521,808; the American, 808,289. On the St Lawrence canals the Canadian tonnage was 1,018,163, while the American was only 18,146. As part of the Montreal policy of

forcing trade down the St Lawrence, an act of 1860 provided that, if American vessels which passed through the Welland Canal continued down the St Lawrence with their cargoes, ninety per cent of the tolls levied would be returned, while Canadian vessels passing through the canal paid only one-tenth of the regular toll.

Hincks had pointed out, in commending reciprocity to the American government, that it would prevent the development of interprovincial trade by making trade with the United States more attractive to both the Maritime Provinces and Canada than trade with one another. His prophecy was fulfilled, because the temporary development of interprovincial trade after the abrogation of the British preference in 1846 lapsed during the reciprocity period, and only revived again in a respectable volume after the treaty was abolished. Thus in 1866 281,284 barrels of flour were imported by the Maritime Provinces from the United States, and 69,164 barrels from Canada, while in 1867 only 47,466 barrels were taken from the United States, and 161,266 came from Canada. Similar changes took place in beef, pork, butter, lard and cheese, yet the greater part of the trade with the Maritime Provinces passed from Montreal to Portland, and then by boat to the northern ports. But, while the Americans during the Reciprocity Treaty took from Nova Scotia and New Brunswick practically all they had to sell, including potatoes, poultry and eggs, fish, coal, cordwood, etc., the Canadians took practically none of these except a certain amount of fish, requiring to be paid in bills on Montreal, which were at a considerable premium. The returns showed that the quantity sent to the Maritime Provinces was over three times the value of what she took from them. It is not difficult, therefore, to understand the discontent of Nova Scotia in particular, owing to the abrogation of the treaty, and its unwillingness to enter Confederation.

In order to appreciate fully the inevitable fate of the Reciprocity Treaty, it is necessary to recall a few fundamental features. From the first the professed object of the British provinces had been to obtain access to the large and conveniently located markets of the United States, in which

they could sell not only those products which might be sent to Europe or elsewhere, but a large quantity of special products which commanded better prices in the American markets than elsewhere, and which could not bear the cost of a long voyage. There was no equivalent advantage to be offered the Americans in the limited markets of the British provinces, but what rendered reciprocity acceptable, if not attractive, to them were such features as obtaining the carrying trade of Western Canada and retaining that of the western states, finding an enlarged market for their manufactured goods, and obtaining unmolested access to the Atlantic fisheries. The free navigation of the St Lawrence had been made to appear attractive to the western states as an alternative outlet to the sea, but it had not realized expectations.

During the negotiation of the treaty the features most attractive to the Americans were, of course, strongly presented in the communication from Hincks, but it was obvious that these attractions would be detrimental to certain sections of Canada, and that the result would postpone indefinitely the national development of the country or the possible union of the North American provinces. The local interests of Montreal and the St Lawrence obviously suffered as the result of reciprocity. It was hoped that the construction of the Grand Trunk Railway would secure what the improvement of the St Lawrence had failed to obtain, but here too the results fell far short of expectations.

A. T. Galt, still Finance minister in 1862, and associated with the interests centring at Montreal, adopted a new line of policy, which, however desirable from the point of view of an independent commercial and national future for Canada, was at least largely inconsistent with the conditions upon which the Reciprocity Treaty had been advocated and procured. If this policy were persisted in, there could be little doubt of the consequences. There were three essential features in Galt's programme, which was that of the Canadian ministry of the day : first, the diversion of Western Canadian traffic and business in exports and imports from American to Canadian channels alike by water and rail ; second, and as

essential to this, the encouragement of sea-borne trade from the Atlantic rather than land-borne trade from the United States (this meant the encouragement of direct trade with Britain rather than with the United States, or even with Britain through American territory); third, the development of Canadian manufacturing industry, with a view to enabling Canada to supply herself with many lines of goods at the time imported mainly from the United States. This latter purpose was to be accomplished by a readjustment and material increase in the Canadian tariff, this increase also coinciding with the need for provincial revenue. This policy was entirely Canadian, having little or no regard for the Maritime Provinces beyond the desire to sell them more goods. While it might be claimed that in the long run it would be in the interest of Western Canada, yet at the time at least, as militating against the reciprocity arrangement with the United States, it was decidedly against the interests of Western Canada, and in its leading organs, the press and Boards of Trade, this was made perfectly plain.

In order, therefore, to avoid as far as possible arousing the antagonism of the Maritime Provinces and Western Canada, and of the United States, it was sought to forward the policy while keeping within the letter at least of the treaty. In reply to the accusation of the New York State legislature and the representatives of that state in Congress that the Canadian government was not living up to the spirit of the treaty, Galt simply declared that the object of the Canadian government was to foster the commerce and promote the welfare of Canada, and if, in consequence, trade should be diverted to Canadian channels, it simply indicated the success of the methods employed. It was true that the government had increased the duties on manufactured goods and had changed the method of levying duties so as to favour direct imports by sea, and abolished tolls on the St Lawrence canals to attract trade to that route, but Galt claimed that the treaty did not specifically deal with manufactured goods or the duties levied on them, and that in following the line of policy adopted, Canada was not necessarily infringing on its terms. Moreover, during the same period, the Americans

had greatly increased their tariff on dutiable goods. All this was perfectly true, but nevertheless the change in Canadian policy had greatly affected what the Americans regarded as their advantage under the treaty, while the American duties had not affected the basis of the Canadian advantage from the treaty which lay in the lines of free goods. Galt also declared in round terms that the general increase in the Canadian tariff applied equally to British and American manufactures. This, however, was scarcely correct, because the changes introduced were the substitution of *ad valorem* for specific duties and the taking of the values in the markets where last bought, and this, Galt claimed, would encourage purchasing direct from Britain, and thus 'so far benefit the shipping interests of Great Britain.' Again, the completion of the Grand Trunk Railway connection with Portland, and the improvements in the navigation of the lower St Lawrence, together with the subsidizing of special ocean vessels using that route, 'justified the belief that the supply of Canadian wants might be once more met by sea, and the benefits of this commerce obtained by our own merchants and forwarders.'

As regards his protective policy, Galt had definitely stated that 'the policy of the present government in readjusting the tariff has been, in the first place, to obtain sufficient revenue for the public needs, and secondly, to do so in such a manner as would most fairly distribute the additional burdens upon the different classes of the community; and it will undoubtedly be a subject of gratification to the government if they find that the duties, absolutely required to meet their engagements, should incidentally benefit and encourage the production in the country of many of those articles which we now import.'

These various announcements of the minister of Finance doubtless expressed a very admirable national sentiment, but when taken in connection with the actual history of the Reciprocity Treaty and its negotiations, and in the face of the steadily declining imports from the United States and the greatly increasing exports to the United States, plainly indicated that it would scarcely be necessary for

Galt to take the initiative in getting rid of the Reciprocity Treaty.

Undoubtedly the treaty might have continued indefinitely on the basis upon which it had been framed and had operated until 1860, but in 1862 it had become quite evident that it could not continue on the basis of the new Canadian policy. The Hon. I. T. Hatch of New York State and J. W. Taylor of Minnesota were appointed by the American government to inquire into the operation of the treaty. In their report, after pointing out the many advantages of reciprocity for both countries, and stating that so far as the Maritime Provinces and Western Canada were concerned the Americans had no criticism of the British American attitude, yet in the face of the policy of the dominant element in the Canadian government, it was impossible to continue reciprocity on the basis of the Canadian laws and regulations lately adopted and supported by the majority of the Canadian legislature. They advocated a complete zollverein, or commercial union, as the best solution of the situation. This would give the Americans free access to Canada for their manufactured wares, and the Canadians free access to the United States for all their wares, most of which for the time being were unmanufactured.

There were many interests in the Maritime Provinces and in Western Canada which were prepared to accept these conditions, but they were, of course, quite contrary to the policy of those controlling the Canadian government. It became evident, therefore, that when the term of ten years, for which the treaty was signed, was fulfilled, the United States government would undoubtedly give the requisite year's notice of the abrogation of the treaty. The Maritime Provinces and the greater part of Western Canada, and the western states bordering on the lakes, did all they could to prevent a rupture, but they failed. Due notice was accordingly given, and in April 1866 the Reciprocity Treaty came to an end. During the few months preceding the expiration of the treaty, immense quantities of Canadian produce were rushed into the United States. The consequence was that for fully a year after the abrogation of the treaty, prices were

fairly well sustained in the Canadian markets. Later, of course, it particularly affected a number of localities in Western Canada which had been accustomed to produce large quantities of wool, barley, and other such agricultural lines for the American markets. The Maritime Provinces were, however, the chief sufferers. Although they resented the callous indifference of the Canadian authorities towards their interests, yet the subsequent action of the United States pleased them even less, and, as it was necessary for all the British North American provinces to readjust their trade relations and commercial intercourse, the scheme of Confederation seemed the only alternative to individual annexation; hence it may be said that the abrogation of the Reciprocity Treaty very materially contributed towards the union of the British North American provinces and the beginning of a truly national life.

# CURRENCY AND BANKING

## 1840-1867

# CURRENCY AND BANKING, 1840-1867

## I

## LORD SYDENHAM AND CANADIAN BANKING

WITH the union of the two Canadian provinces and the establishment of an administrative government responsible to a majority of the House of Assembly, the banking system of Canada called for some definite government policy. Lord Sydenham, who had taken a prominent part in the discussion of banking problems in England, devoted special attention to the banking and currency system in Canada. In connection with the promotion of a comprehensive system of internal transportation, he proposed the establishment of a provincial bank of issue, which would give the government entire control of the provincial paper currency. Hitherto the privilege of issuing paper money had been enjoyed by the banks, most of which had recently passed through a period of suspended specie payment. By transferring to the government the sole right to issue paper money it was estimated that the provincial Treasury would be benefited to the extent of about £35,000, or $140,000, per annum.

The proposed provincial bank under the management of a special commission would be authorized to issue notes of one dollar and upwards, to the aggregate amount of £1,000,000 currency. As security for its issues the bank would hold one quarter of the amount in circulation in legal tender coin or bullion, and three-quarters in government securities. After two years the existing chartered banks were to relinquish their right to issue notes, but were to receive in lieu of this privilege for ten years, or the unexpired terms of their charters, an allowance of two and a half per

cent on their average note circulation. On depositing with the bank of issue, coin or bullion, or government securities approved by the commission, the existing chartered banks might receive for circulation an equivalent amount in notes of the bank of issue.

Holding in coin or bullion twenty-five per cent of its proposed note issue, the provincial bank would be able to place the remainder at the disposal of the government for public works. This would represent a saving of interest of from £30,000 to £35,000. It was expected that the provincial bank note issue would ensure stability and would prevent the customary fluctuations between a plethora and a scarcity of circulating medium.

Approaching the Canadian currency problem with a background of British rather than Canadian experience, it was natural that Lord Sydenham should over-estimate the possibility of establishing a comparatively stable currency medium alike as to quantity and quality. The natural circumstances of Canada, however, both as to seasonal variations and the fluctuating values of the staple Canadian exports of grain and lumber, required that the Canadian medium of exchange should be capable of expanding and contracting with trade, without too great a capital outlay on the part of the banks in order to increase their circulating medium, or too heavy a sacrifice of income through having their capital tied up in low-interest-bearing securities when the circulating medium was not in demand. Under the usual conditions of Canadian trade, the chartered banks would be apt to find the notes of the proposed bank of issue at once expensive to procure and unprofitable to hold in idleness. Under such circumstances the banks would endeavour to operate with as little circulating medium as possible, while they would also more or less promptly convert their notes into bullion when trade conditions did not call for them, the bullion being of service in international exchange. It appeared to be certain that the bank of issue would find its circulation more limited than anticipated, while the amount of bullion required to be kept on hand to meet the note redemption would be considerably larger than anticipated. In consequence, the

expected profit to the government would be much less than the scheme promised.

Apart from certain difficulties likely to be met with in its practical operation, the general policy of the government bank of issue commended itself to a young man of exceptional ability in matters of finance, who was destined to have a greater influence upon the development of Canadian banking than any other individual of his generation. This was Francis Hincks, who was returned to parliament in 1841, and under Lord Sydenham's influence was appointed chairman of the joint committee on currency and banking. This committee reported a bill for the establishment of a provincial bank of issue on the general lines suggested by Lord Sydenham, but with considerable modifications in order to render it easier for the banks to employ their resources in procuring the notes of the bank of issue and to facilitate the retirement of the notes during periods of reduced circulation. On the other hand the provincial bank was to have the power to issue notes, if required, in excess of £1,000,000, but only in exchange for specie.

As the banks of that period relied for their profits more upon their note issue than upon their discounts, they naturally opposed the measure very strongly, predicting ruin to themselves and disaster to the business interests of the country. The opposition aroused was sufficient to defeat the bill for the time, but the principles embodied in it were to reappear in subsequent measures until Lord Sydenham's proposal became the basis of the present issue of Dominion notes, and of their employment by the banks as legal tender in domestic exchange and in the settlement of clearing-house balances. Although the banks escaped the loss of their privilege of issuing notes, yet they were required to contribute to the provincial revenue through a tax of one per cent on their note issues.

The proposed bank of issue being disposed of, the question as to the renewal of the charters with increase of capital for the existing banks, and the granting of charters to new banks, was taken up by the banking committee. Here, again, under the influence of Lord Sydenham, assisted by Hincks,

a successful effort was made towards the introduction in all new or amended bank charters of uniform principles of banking. These changes embodied most of the principles contended for by the British Treasury, with the exception of the limitation of the note issue to denominations of £1 and upwards. The banking committee drew up a series of clauses which were henceforth to be embodied in all bank charters, and which afterwards furnished the basis for the first general bank act, passed in 1871 under the direction of Sir Francis Hincks, who in 1841 had shaped the measures of the banking committee. Chief of the new features were: a fixed capital for each bank, to be subscribed within eighteen months of the granting of the charter, one-half to be paid up before the bank began business and the remainder within two years; the debts of a bank, including its note issue, were not to exceed three times the paid-up capital of the bank; the note issue alone not to exceed the paid-up capital; suspension of specie payment for sixty days to result in forfeiting the charter; a bank might not advance money on the security of real estate or goods, or engage in trade,—it must confine its business to discounting commercial paper and negotiable securities, or to dealing in bullion and exchange; each bank must publish yearly or half-yearly statements of its assets and liabilities under a given form, which embodied the chief features of the present monthly reports of the chartered banks. Although the committee recommended the prohibition of all note issues except by chartered banks, yet this was not accepted by the house, as certain joint stock companies then enjoying the privilege of issuing notes were sufficiently influential to defeat it.

## II

## CURRENCY STANDARDS

THE problem of the metallic currency, which had given rise to so much trouble during the previous five years, was also grappled with during the first session of the united parliament. In 1839 the Special Council for Lower Canada and the provincial parliament of Upper Canada

passed certain measures dealing with the metallic currency, but they had been disallowed by the home government. No real progress had been made, and the situation was continually growing worse. Before the Union the ratings of the various coins varied as between the two provinces, and had given rise to much inconvenience in exchanges between Montreal and the province of Upper Canada, with which so much of its business was transacted.

The rating of the American dollar was the same in both provinces, namely five shillings. But there were other coins, relatively more highly rated, which shared with it the privilege of legal tender. Naturally, bullion payments were made and the exchanges were fixed on the cheapest legal tender basis. The British shilling was rated at 1s. 3d. in Upper Canada, but only at 1s. 1d. in Lower Canada. British shillings were therefore extensively used in meeting demands for bullion in the exchanges between Upper and Lower Canada. The interprovincial balance of trade was usually against Upper Canada, and there was a premium in the upper province on Lower Canadian exchange and bank notes, with corresponding discounts in Montreal on Upper Canadian exchange and bank notes. In fact, the banks, having agencies in both provinces, would not redeem even at their chief offices in Lower Canada their own notes issued in Upper Canada. Nevertheless, the employment of bank notes as a means of securing bullion for exchange frequently led to the severe curtailment of discounts. This, in turn, gave rise to much criticism of the banks on the part of merchants and others. The merchants and banks of Upper Canada attempted to justify the overrating of the British shilling, on the ground that at any lower rating the metallic currency of the province would be drained away. This was a sufficiently sound reason for overrating the shilling as fractional currency, but it should not at the same time have been unlimited legal tender. One reason for rating the British shilling at 1s. 3d. was that it answered as the equivalent of the American quarter-dollar. The American dollar and the British half-crown were passed at the same rates in both provinces; the dollar being rated at 5s. and the British

half-crown at 3s. They thus answered as a basis of exchange as between the two provinces.

Under the existing relations of the currency standards and the exchanges of the two provinces the problem of establishing a uniform standard for United Canada presented no little difficulty. The situation was further complicated by the fact that just at that time the American currency system involved the overrating of gold, resulting in a famine of silver, which had passed to a premium. It would be embarrassing, therefore, to adopt the American silver dollar as the Canadian standard. In Montreal, where the greater part of the British gold brought in by the immigrants found a resting-place, the adoption of the sterling standard was favoured by some. But the opinions of the leading bankers and business men throughout the country having been officially invited, it was found that a majority favoured the adoption of the American decimal system. The chief reasons given were the close commercial and exchange relations between the two countries, and the great difficulty of obtaining a prompt supply of specie from any other source. Even those who favoured the sterling standard for imperial reasons admitted that, owing to the necessities of exchange, the American dollar must continue as an unlimited legal tender. Few were in favour of retaining the conventional Halifax currency standard with no coinage to represent it. Francis Hincks, chairman of the committee on currency and banking, after a careful analysis of the situation, declared in favour of the American decimal system and standard. The Canadian bankers had already had a sufficient demonstration of Gresham's law that the cheapest or highest rated coinage drives all others out of circulation. At the same time they realized that the overrating of a legal tender could not keep money in the country. This latter fact was somewhat obscured from the ordinary citizen, owing to the banks employing one currency for their international exchange, and another for the local redemption of notes. The banks employed British and American gold and American silver dollars in the exchanges; while for domestic circulation they used British silver in Upper Canada and

French silver in Lower Canada, both of them considerably overrated.

The difficulty of framing a currency act which would pass both houses of the Canadian legislature and also receive the sanction of the home government was obvious enough, and the natural result was a compromise measure. It left unsettled the question of the ultimate standard. While limiting the number of coins admitted as legal tender, it yet accepted not only British and American gold, but the standard American and French silver coins. The following is the table of values fixed by the act:

GOLD COINS

| | £ | s. | d. |
|---|---|---|---|
| British sovereign | 1 | 4 | 4 |
| American eagle, coined before 1834, 12 dwts. 6 grs. | 2 | 13 | 4 |
| American eagle, coined after 1834, 10 dwts. 18 grs. | 2 | 10 | 0 |

SILVER COINS

| | s. | d. |
|---|---|---|
| The dollar of the United States, Spain, Peru, Chili, Central and South America, and Mexico, of 17 dwts. 4 grs. weight | 5 | 1 |
| The half-dollar | 2 | $6\frac{1}{2}$ |
| The quarter-dollar | 1 | 3 |
| The one-eighth dollar | | $7\frac{1}{2}$ |
| The one-sixteenth dollar | | $3\frac{1}{2}$ |
| The five-franc piece of France, of 16 dwts. | 4 | 8 |
| The British crown | 6 | 1 |
| The British half-crown | 3 | $0\frac{1}{2}$ |
| The British shilling | 1 | $2\frac{3}{5}$ |
| The British sixpence | | $7\frac{3}{10}$ |

Of these the gold coins, the American dollar and half-dollar and the French five-franc piece were accepted as unlimited legal tender. The British silver was not accepted as legal tender, because it was only token coinage in Britain itself. The dropping of the British shilling and the old French half-crown from the legal tender list caused considerable excitement in business circles, and particularly among the banks, where many thousands of pounds' worth were held as reserves,

all of which now dropped to bullion rates. Fortunately for the banks, owing to the overrating of gold in the United States, silver bullion was in special demand, but the coins in circulation in Canada, especially the French half-crowns, were much worn as well as overrated.

When the transition difficulties were adjusted, the beneficial effects of the new act in introducing a uniform currency rating throughout United Canada and in equalizing exchange were duly appreciated. In attempting to establish a more uniform rating of the various coins in terms of the Halifax standard, various odd numbers and fractions had to be introduced, which rendered accounting on the Halifax basis a very inconvenient and laborious process. This naturally led to a still further acceptance of the simple decimal system of the United States as the practical basis of Canadian currency and accounting.

During the session of 1841 still another currency measure was passed, regulating the issue and circulation of spurious copper coins, an evil which had been growing for years past, and which had greatly increased during the period of political chaos preceding the Union. The measure of 1841 was sound enough in itself, but as the government would not provide a suitable substitute for the mass of nondescript copper and brass disks and tokens passing for coin, the primary needs for retail trade rendered the law futile and continued most of the spurious coin in circulation. The banks which had previously issued the special copper coins apparently found it not profitable to extend their issues. The British government offered to have a special copper coinage struck for Canada, but the offer was not accepted, although this solution of the difficulty was afterwards adopted.

During the years 1840 and 1841 exchange rates were almost constantly against Canada, and to a still greater extent against the Maritime Provinces, where the situation culminated in a crisis disastrous to several Halifax merchants. Throughout the British American provinces, in consequence of the adverse conditions of exchange, the banks severely restricted their discounts. In 1842 the situation was relieved and exchange was fairly normal until the international crisis of 1848.

## III

## NOTE-ISSUING PRIVILEGES

ALTHOUGH, as we have seen, the recommendations of the British government, in dealing with the charters of the Canadian banks, had been very largely adopted, there was one feature to which the British authorities attached great importance which the Canadian government, at the instance of the Canadian banks and business interests, could not be induced to accept, namely, the abolition of bank notes under £1 currency. The object of this limitation was, of course, as in Britain, to increase the volume of metallic currency in circulation and in the vaults of the banks, with a view to steadying the exchanges of the country and rendering the colonial bank issues more secure. Pressure had been put upon the Canadian government through the disallowance of several amended bank charters, notably those of the Commercial Bank and of the Bank of Upper Canada. While the principle contended for by the British Treasury was sound enough in the case of countries conducting a large financial business, yet the situation in Canada differed greatly from that in Britain. Here as yet there were very few purely financial operations of a domestic nature. Practically all the local and the greater part of the foreign exchange was directly connected with trade and commerce, calling only for the most convenient medium of domestic exchange. This was undoubtedly furnished by the bank notes. To have forced the substitution of an extensive metallic currency, which must have been obtained from abroad in exchange for a corresponding amount of Canadian exports, would have involved quite unnecessary expense. The special interest in Canadian currency which was manifested by the home government in the forties was chiefly due to the fact that a very vigorous and prolonged discussion of the whole currency and banking question had been absorbing the attention of the British authorities for some years, and had culminated in Peel's Bank Act of 1844. The principles of this act, it was

felt, were of universal application and must be enforced in all parts of the British Empire, regardless of their special local conditions. This proposition was frankly declared in the dispatch of 1846 instructing Lord Cathcart to have the principles of the British measure introduced into all future Canadian bank charters. Most of the essential features of the new British act, with the exception of the high minimum denomination for notes, had been accepted by the Canadian legislation of 1841. The practical question was discussed over the charters of two new banks in Eastern Canada, La Banque des Marchands, of Montreal, and the Quebec District Bank. The Canadian government insisted upon the retention of the privilege to issue one-dollar notes, and in the end the home government gave way. These two institutions received their charters in 1848, but owing to the commercial crisis of 1848-49 they never came into actual operation.

From time to time, before the Union of the Canadas, deposits and savings associations had been established at different Canadian centres. But the movement took a wider scope after the Union, and it was considered desirable that these savings banks should, on the one hand, receive legal recognition and protection, and, on the other, be regulated in the interests of the depositors. These proposals were accomplished by an act of 1841, introduced by Benjamin Holmes of the Bank of Montreal. The new measure adopted the chief features of a recent British act of the same nature.

The period of crisis, 1848-49, forced the Canadian government to adopt a financial policy which led in the end to the withdrawal from the chartered banks of the right to issue notes for lower denominations than five dollars. Hincks was once more in control of the provincial finances, in the La Fontaine-Baldwin ministry which succeeded to power in 1848. He framed a new policy with an eye to the principles which had been embodied in the plan for a provincial bank of issue. The initial movement of the government took place in March 1848, in the shape of a message from the governor to the assembly, recommending the issue of small provincial debentures to the extent of £125,000 to meet the urgent needs of the Treasury. An act was duly passed

authorizing the proposed issue, and leaving in the hands of the executive all details as to the form and denominations of the debentures, the period and place of redemption, and the rate of interest to be allowed, not, however, to exceed six per cent. The debentures as ultimately issued were in the form of ordinary bank notes payable one year after date with interest at six per cent. They were receivable in all payments due to the government, but when received in this way the government assumed the questionable right to re-issue them.

As the issue of these notes did not depend upon the exchange needs of the country, but on the financial needs of the government, this departure met with much criticism, not only on the part of the banks, but on the part of many sound financiers, who recognized the danger alike to the monetary system of the country and to the principles of sound public finance. In the hands of a less conservative financier than Hincks the experiment might have proved a dangerous one, and, indeed, in future years the Canadian government, in common with many another government, found it difficult enough to escape the temptation which presented itself to ignorant politicians to meet increasing public expenditures with the aid of a paper currency printing-press. At any rate, the new experiment familiarized the Canadian people with the sight and use of government notes, and prepared the way for future developments in the line of provincial, and finally of Dominion notes.

During the session of 1848-49 Hincks introduced and the assembly passed, in spite of the protests of the banks, a series of ten resolutions dealing with the whole subject of the provincial finances. Two of the resolutions authorized the issue of provincial debentures to the extent of £250,000 currency, or $1,000,000. Of this £50,000 might be in denominations less than £10 or $40. Such debentures were to be payable either on demand or at some future date, and either with or without interest. These debentures or notes were to be receivable in all payments due to the government, and when so received might be either re-issued or cancelled, and others issued instead. Thus was laid the foundation for a per-

manent element of government paper in the currency of the country. But, although the principle had been established, the returning prosperity of 1850 enabled the government to forgo its privilege, and provincial paper ceased for a time to be a concrete factor in Canadian currency.

The severe financial crisis through which the whole country had passed from 1847 to 1850 had led to many bankruptcies and the loss of much capital on the part of the banks, although no banks had failed. In consequence discounts were greatly curtailed, and the banks were blamed for aggravating the distress of the country.

One outcome of the situation and of the success of the brief experiment with a provincial paper money was a revival of interest in the project for a government bank of issue. The system of free banking which had been developing with considerable success in New York State for the past ten years began to attract attention in Canada. Its central principles are now embodied in the national bank note system of the United States. This system was closely akin, in principle at least, to the provincial bank of issue advocated by Lord Sydenham and supported by Hincks and William Hamilton Merritt. This latter gentleman vigorously supported the proposal to introduce the free banking system into Canada, as it promised, on the one hand, a sound basis for the issue of bank notes, and, on the other, a demand for government securities. In June 1850 Merritt introduced a government measure for the establishment of free banking in Canada. To prepare the ground for this system, it was necessary to prohibit the issue of anything in the way of promissory notes intended to act as currency by other than the chartered banks, or those supplied under the terms of the proposed Free Banking Act.

All parties, whether individuals or corporations, complying with the requirements of the act as to capital, etc., who delivered to the receiver-general approved public securities to the amount of £25,000 currency, or $100,000, bearing interest at six per cent, would receive a like amount in notes for circulation; these notes to be printed from plates furnished at the expense of the banks receiving them, but to

be kept by the receiver-general, as is required at present in the United States. So long as these notes were in general circulation and redeemed on demand by the bank issuing them, they might be received in all payments due to the government. Should any bank fail to redeem its notes, the government on being duly notified would prepare to do so. Each bank established under the act was required to send in detailed half-yearly reports of its capital and business, in much the same form as that prescribed for the chartered banks.

Most of the current criticisms of the measure anticipated the driving out of the chartered banks by the free banking system. The contrary, however, was the tendency; inasmuch as the new form of banking not only involved the locking up in comparatively low-interest-bearing securities of the total amount of the authorized note issue, not all of which could be in circulation at once, but the keeping on hand of an additional amount of idle specie to redeem such current notes as might be presented.

It is quite true, from the point of view of the note-holding public, that the free banking system was much the safer; but where there was little accumulated capital in the country willing to accept a low rate of interest, the elastic system of note issue already established in Canada was much more suited to the existing needs of the country.

The Free Banking Act having become law, the only existing bank to avail itself of the new system was the Bank of British North America, which adopted it merely to enable it to issue notes down to the one dollar limit. Its charter had restricted its issue to £1 currency or four dollars. Three new banks, however, took advantage of the act to come into existence—namely, the Molsons Bank, the Zimmerman Bank, and the Niagara District Bank. The last had previously obtained a charter, but was unable to secure the necessary funds to enable it to start business.

Perceiving that the chartered banks would not adopt the free banking system, the inspector-general introduced further legislation with a view to inducing them to place part, at least, of their circulation on the basis of provincial securities.

The chief inducement was that they would thereby escape taxation on their note issue. The banks, however, still declined to respond.

## IV

## DECIMAL CURRENCY

IN 1850 the United States reduced by twenty per cent the currency value of certain Spanish and Mexican coins which had been flowing into the country; these were the quarter, eighth, and sixteenth dollar pieces. In future these were to pass for twenty cents, ten cents, and five cents respectively. As these coins were accepted in Canada as legal tender to the extent of ten dollars, it was necessary that a similar rating to that adopted in the United States should also be established in Canada. Accordingly an act was passed making the necessary change in the ratings of these coins. By another currency amendment act the ratings of the dollar and its half were changed from 5s. 1d. and 2s. 6½d. to 5s. and 2s. 6d. respectively. This act also authorized the issue, under the authority of the governor in council, of silver coins of the value of $1, 50c., 25c., 20c., 10c. and 5c. Under the corresponding currency denominations these were 5s., 2s. 6d., 1s. 3d., 1s., 6d., 3d. A supply of gold coins was also authorized corresponding to the $5 and $4 or £1 currency values.

In a memorandum accompanying these acts on their reference to the home government, Hincks enlarged upon the advantage of adopting a uniform currency throughout British North America and of having it assimilated to that of the United States. During this period of 1850-51 there was much desire throughout Canada for reciprocal trade relations with the United States. The passing of this currency act led to further interesting and instructive controversy between the British Lords of the Treasury and Hincks over the respective rights of the home and colonial governments to deal with currency standards and establish coinages. Hincks argued the colonial side of the question with great

ability and clearness, and was supported by both parties in the Canadian assembly. Thus, although his measure was disallowed on technical grounds, the principle of colonial authority to deal with currency matters was never afterwards seriously questioned. While, therefore, no Canadian provincial coinage was established at this time, the way was prepared for it. The home government was at last convinced that it would be impossible to force upon Canada the British sterling standard, since the whole business of the country, including its banking, was being done on the basis of the decimal system of dollars and cents.

Immediately after the disallowance of the currency act of 1850 Hincks set about introducing a new and more comprehensive measure, with the object, also, of securing a uniform system throughout British North America. He entered into communication with the executive governments of Nova Scotia and New Brunswick, and found that they were prepared to recommend the necessary measures in their respective provinces. The most important of the resolutions which Hincks introduced in 1851 was that declaring the expediency of adopting the decimal system of dollars and cents as the basis of the provincial currency with a corresponding coinage. An act based on these resolutions was duly passed, establishing a decimal system of coinage in both gold and silver, although gold was made the standard, the silver coins being legal tender only to ten dollars. It was provided that as soon as convenient the provincial accounts should be kept in dollars, cents and mills. At the same time the British gold sovereign was accepted as the bullion standard, being rated at $\$4.86\frac{2}{3}$, or £1, 4s. 4d., currency. A clerical oversight in drafting this act led to its being returned from Britain, and the British Treasury took advantage of the opportunity offered to present still another memorandum in the hope that even at the eleventh hour they might be able to persuade Canada not to adopt the American monetary system. They no longer objected to the decimal system, but wished it to be based on the pound currency and not on the dollar as a unit. This unit it was proposed to name a 'Royal,' to be henceforth represented by a gold coin with subsidiary

decimal silver and copper coins to be named shillings and marks. Hincks was at first inclined to meet his critics of the British Treasury half-way, but the general opinion of the legislature and of the business interests of the country was so strongly in favour of the system of dollars and cents that he gave way, and on that basis the new measure ultimately became law in 1853, embodying the chief features of the previous act. The British sovereign and American dollar were made unlimited legal tender, the former at $4.86\frac{2}{3}$ and the latter at $1. Halifax currency was not abolished as a conventional money of account, but the decimal system of dollars and cents was formally legalized as the basis of official and business accounting.

Hincks went out of power in 1854 just after the formal approval of his currency act by the home government. Under the new government there was some delay in bringing the act into operation. No coins were struck on the new basis as authorized. In 1857, however, a new act was passed requiring all government accounts to be kept, and all accounts rendered to the government to be stated, in dollars and cents without the option of using Halifax currency. This act came into force on January 1, 1858, and from that time dates the formal adoption of the decimal system of currency in Canada. As this system had been followed for years by the banks and the majority of the business houses, little change was experienced outside some of the government offices.

About midsummer 1858 the first instalment of new Canadian silver and copper coins was received from the Royal Mint. This shipment consisted of $100,000 in twenty-cent pieces, $75,000 in ten-cent pieces, $75,000 in five-cent pieces, and $50,000 in one-cent pieces. The British shilling, then only a token coin in Canada as in England, being conventionally used as twenty-five cents, will account for there being no twenty-five-cent pieces sent in this first shipment. No further changes in the Canadian currency took place until after Confederation.

## V

## THE BANKS AND SPECULATION

DURING the remarkable economic expansion of Canada from 1850 to 1857 the banks found it necessary to face many new situations. They had constant temptations to overstep the bounds of legitimate banking with every prospect of securing large gains at little risk. From these profits they hoped to recoup the losses they sustained during the panic of 1847-48. The two chief lines of speculative enterprise at the time were land and railway stocks, and the banks began to be involved in both. When the boom collapsed in 1857, the banks of Western Canada in particular found themselves in a most embarrassed position. Concealing their real condition for a number of years, they made strenuous efforts to liquidate their holdings in wild lands and railway stocks. The revival of temporary prosperity as the result of the American Civil War served to postpone for a few years the inevitable collapse in a number of cases.

When the Hincks administration went out of power in 1854, the new government, with William Cayley as inspector-general, was inclined to favour the older system of chartered banks. At the same time, with a view to maintaining a domestic market for public securities, Cayley undertook to require from all new banks to be established, and from the existing banks in the case of increases of capital stock, that they should hold at least one-tenth of their capital in provincial or municipal debentures. While this new measure did not ensure the solvency of a bank, or protect the note-holders, it led to the creation of a number of new banks willing to accept these terms, but otherwise of questionable advantage to the country. No further banks were established under the Free Banking Act, and the three already established under it obtained charters on the easier terms of the new government. The Bank of British North America alone continued under the Free Banking Act in order to preserve

its privilege of issuing notes of lower denominations than £1 currency.

The bank expansion of the fifties began with an increase in the capital stocks of the Bank of Montreal and the Quebec Bank in 1853. At the time Hincks refused to sanction the chartering of any new banks not coming under the conditions of the Free Banking Act. With the change of government and the relaxing of the requirements, quite a boom in bank charters ensued. In 1855 the Bank of Montreal obtained a further extension of capital, increasing its authorized stock from $4,000,000 to $6,000,000 ; one-tenth of this was required to be invested in provincial or municipal debentures ; monthly instead of half-yearly returns were henceforth required, and the term of the charter was extended to 1870 ; minor changes as to the transferring of shares, etc., were introduced. The new features of the Bank of Montreal charter were embodied in practically all the charters and amendments passed during this period. The capital of the Bank of Upper Canada and of the Commercial Bank was extended in each case to $4,000,000, with the new clauses added. The charters of the City Bank and the Banque du Peuple were also amended and their authorized capital increased. The Molsons, Zimmerman, and Niagara District Banks obtained new charters transferring them from the Free Banking Act to all the privileges of the ordinary banks, while their authorized capital stock was greatly increased. In fact, under the new system only one-tenth of the capital formerly required to be held in government securities was now required. Hence, on the basis of the securities previously held, the authorized capital of these three banks was increased fivefold. Among the other banks established during this period were the Bank of Toronto, promoted by the milling interests of Western Canada, the St Francis Bank, and the Eastern Townships Bank with its head office at Sherbrooke. One of the promoters of this latter institution was A. T. Galt, who afterwards, in 1858, succeeded Cayley as inspector-general.[1] These banks were chartered during the session of 1854-55,

[1] By act of parliament in 1859 this office was designated 'minister of Finance.' See 'The Federal Government' in section IV.

the first session of the new coalition government. The Bank of Brantford petitioned for a charter during this session, but did not obtain it until 1857.

During the session of 1856 two new banks were chartered: the Union Bank, with headquarters at Hamilton, and the Colonial Bank, established in Toronto and destined to have a brief and not very reputable career. Two other banks solicited charters in 1856, but only at a later date was their importunity rewarded. These were the Bank of Western Canada and the Bank of the County of Elgin.

During the Crimean War period of high prices the farmers of Canada were acquiring large sums of money for their wheat and other agricultural produce. This money was chiefly in the form of bank notes. Few farmers were as yet accustomed to make deposits with the banks. They simply kept their money in their homes, with the result that very large quantities of bank notes were hoarded throughout the country. As these were practically withdrawn from circulation, although the note issue of the banks was exceptionally large, there was a certain stringency in the currency supply. With so large an amount of notes outstanding, the banks were inclined to be more cautious in their discounting. An epidemic of burglaries throughout the rural districts caused the farmers to open deposit accounts with the banks, and materially changed agricultural business methods for the future.

In 1855 an unsuccessful effort was made to compel the banks by law to accept their own notes at par at any of their branches throughout the country. Hitherto they had been accepted only at the offices at which they were issued, being subject at other branches to the discount prevailing in the district. The influence of the banks was sufficient to prevent the passage of the proposed measure for some years.

The speculative features which had crept into the business of the banks in Canada during the boom period from 1850 to 1856, and which had developed all the more extensively on account of the previous good reputation of the leading banks, were first revealed to the public in the crisis of 1857-1858. This crisis, it is true, did not originate in Canada, but

in Britain, from whence it passed to the United States, and from both to Canada. The complete dependence of Canada upon Britain for the greater part of its capital, and the extensive provincial, municipal and corporate undertakings which were then under way, caused any disturbance in the British financial market to be immediately reflected with more or less serious consequences in Canada.

One of the last warnings issued by the British Treasury in approving the extended charters of the older Canadian banks was to the effect that, while in general terms the Canadian banks were restricted to the legitimate business of banking and were prohibited from dealing in real estate or merchandise, they were permitted to accept such property as collateral security and to hold it indefinitely when forfeited. Cayley, so late as March 1857, assured the Lords of the Treasury that the prohibitive clauses in the Canadian bank charters were absolutely effective. Yet at the very time of giving this assurance the leading Canadian banks were deeply involved in real estate and railway speculations, as was soon afterwards to be revealed.

With every new bank charter granted, Cayley and his associates in the government were more careless as to the *bona fides* of the promoters. The Ontario Bank, which was chartered in 1857, was in its origin and for years afterwards an eminently respectable institution. Of a very different character was the International Bank, with headquarters in the village of Cayuga. The latter had an authorized capital of $1,000,000, but only $100,000 was to be paid in before the bank began business. At the following session of parliament both the International and the Colonial Banks obtained alternative locations for their head offices; the former having Toronto as well as Cayuga, and the latter Montreal as well as Toronto. Under the existing law as to the redemption of note issues, the subsequent developments of these institutions lent colour to the suspicion that they were simply practising a common American device to secure the maximum of note issue with the minimum of note redemption. However, the government of the day carelessly lent itself extensively to the designs of such institutions.

During the same session of 1857 the Bank of Brantford, an institution of much the same nature as those above referred to, was also chartered. During 1858, while the country was still suffering from the crisis, another new bank, under the title of the Bank of Canada, was chartered. Cayley, the inspector-general, and some of his colleagues and friends were among its promoters. The Eastern Townships Bank secured a reduction of its paid-up capital to $100,000, in order to enable it to begin business.

The functions served by the banks during the prosperous period of the fifties, the nature of the resources on which they granted their discounts, and the consequent funds upon which they had to draw when called upon to meet a crisis, are well illustrated in the following returns giving the relative positions of the chartered banks in 1850 and 1856 :

| | 1850 | 1856 |
|---|---|---|
| Capital paid in | $2,775,880 | $4,804,768 |
| Coin and bullion | 384,111 | 886,410 |
| Notes in circulation | 1,309,932 | 4,199,211 |
| Deposits | 1,524,267 | 2,803,238 |
| Loans | 4,374,898 | 9,611,315 |

One-tenth of the bank capital being invested in government securities and available only in the event of bankruptcy, and only part of the small amount of coin and bullion on hand being unlimited legal tender, it is obvious that the remainder of the capital and the notes and deposits were loaned to the public to the extent of eight-ninths in 1850 and twelve-thirteenths in 1856. The banks had therefore to depend almost entirely upon the withdrawal of their accommodation to the public when it was necessary to meet a demand for the redemption of their notes ; but it was just at such times that the customers of the banks were most in need of accommodation to tide them over their difficulties. The financial condition of the banks, therefore, once a crisis had begun, compelled them more or less to aggravate the very distress from which they were endeavouring to protect themselves. It may be observed, also, that the note circulation played a large part in the discounting power of a bank. Hence, in

times of crisis, note redemption was a primary factor in reducing the facilities for bank accommodation.

During the prosperous period from 1850 to 1857 there was no real occasion for continuing the long credits formerly extended to the farmers by the retail merchants. They insisted, however, upon the customary extension of credit, more particularly as they were using their large profits in acquiring more land with a view to still further profits. When the collapse in land values took place, the farmers were unable to meet their obligations to the storekeepers, and they in turn required renewals alike from the banks and the wholesalers, and the latter applied to the banks for assistance. But when the banks themselves were found to be involved in unsaleable real estate and depreciated railroad securities, they too were forced to contract their operations to protect their note issues. Hence once more we find the crisis aggravated instead of allayed by the banks.

In seeking for a remedy for such recurring situations, attention was naturally directed to the question of paper money and its functions. Plainly it should not be liable to shrinkage in volume just when it was most needed, as in times of crisis. But bank notes, being redeemable on demand, were plainly only fair-weather craft; hence something must be sought which would weather the storm. Only an irredeemable paper currency issued by the government seemed to meet the requirements. At this time, therefore, and at intervals for years afterwards, there was a strong and often active party in Canada urging upon the government the necessity for establishing an irredeemable paper currency. This would be legal tender in all payments as between individuals and be accepted for all government dues. One of the chief advocates of such a policy at this time was Isaac Buchanan, afterwards president of the council in the Taché-Macdonald ministry. In subsequent years this was known as the ' rag baby ' policy. Its chief practical influence was in promoting the extension from time to time of the issue of Dominion notes, especially of the amounts not secured by gold deposits.

## VI

## GALT AND CANADIAN BANKING

IN 1858, while the financial crisis was still felt, A. T. Galt succeeded Cayley as inspector-general. Impressed by the shrinkage of one-third in the bank circulation during 1857, he began to lay plans once more for the establishment of a provincial bank of issue on the lines laid down by Lord Sydenham. As usual, the embarrassment of the provincial finances was a factor in the plans. Early in 1859 a special committee of the legislature was appointed to consider the whole subject of banking and currency.

Meanwhile, with the gradual commercial recovery towards the close of 1858, charters were sought for the following new banks: the Bank of Western Canada, La Banque Nationale, the Chartered Bank of Canada and the Provincial Bank of British America. The first three ultimately received charters, the name of the third being changed to that of the Royal Bank. The Provincial Bank would have received a charter but for the timely exposure of the career of its chief promoter, whose purpose evidently was to provide Canadian bank notes for circulation in the Western States.

The laxity of the government in the granting of bank charters, and the suspicious use which was being made of some of them, gave rise to a growing uneasiness in financial circles. As was pointed out by the manager of the Bank of Montreal in his evidence before the banking committee, it was possible, by investing $10,000 in municipal debentures and the merely nominal payment of $100,000, to establish a bank with the right to issue to the extent of $110,000. Galt suggested that any new bank before starting business should pay into one of the established banks the minimum of $100,000, which was supposed to be paid in cash before a new bank could begin business.

The criticism of the government for its laxity in granting bank charters was enforced with unpleasant vigour before the close of 1859. On October 27 the International Bank politely intimated to the public that it would be necessary

to suspend business for a few days. As the obligations of the bank were chiefly in note issues, public excitement was at once aroused, and a run upon the Colonial Bank ensued. The latter held out bravely for nearly two hours before collapsing. Neither institution made any attempt to resume business. Their note issues amounted to between $200,000 and $300,000, chiefly circulating in the United States. Although there was a temporary run on several other institutions, no further bank failures took place at this time.

To meet the criticism of the government's bank policy, Galt brought forward his new scheme for a provincial bank. In its essential features it was simply a revival of Lord Sydenham's bank of issue. Early in the session of 1860 Galt introduced a series of resolutions on the subject of a provincial Treasury department. The central points were that the redemption in specie of all paper money issued in the province should be guaranteed by the government. To ensure this there was to be established a provincial Treasury department with the sole right to issue paper money. This paper currency would be redeemable in specie on demand, and would be legal tender. At least one-fifth the amount of the authorized issue should be held in specie, and another fifth in government securities. Any further issue beyond the amounts specified which might become necessary should be wholly covered by specie or government securities. The Free Banking Act was to be repealed, and no banks thereafter to be chartered should have the right to issue notes.

Until the expiration of their charters the existing banks could continue the issue of notes under the terms of their charters. Provision was made, however, for the surrender of the note issue and the obtaining by the banks of a supply of provincial notes to the extent of the average note circulation. For such notes the banks would pay interest at the rate of three per cent on three-fifths and four per cent on the remainder. The banks, however, must deposit with the Treasury specie and provincial securities to the extent of two-fifths of their annual circulation, the Treasury also to have a first claim on the assets of the banks. The banks might keep deposits with the Treasury department, but

cheques against these could be drawn only in favour of other chartered banks, and thus serve to liquidate balances as between the banks. The net effect of Galt's plan would have been equivalent to the extension of the present Dominion note issue to cover the whole of the paper currency of the country.

It is obvious that the inducements offered to the existing banks to give up their note issue were very slight, and none of them responded to the invitation. The scheme also developed a strong political distrust of the powers to be conferred upon the party in office. The bankers objected to it as destroying the elasticity of the currency. As they pointed out, the difference between the autumn and spring circulation amounted as a rule to about one-quarter of the total note issue. Under the proposed plan the banks would require to furnish specie or securities for the extra autumn circulation, and a shortage of currency would be severely felt by the agricultural and commercial interests. The criticism of his measure proved so effective that Galt abandoned it for a time. The business of the country revived during the American Civil War on account of the large demand in the United States for Canadian produce, but the revenue of the government suffered on account of the diminished imports from the United States. Hence Galt was forced to turn his immediate attention to financial rather than to currency questions.

During the period of the Civil War the Canadian banks to a large extent took the place of the Eastern American banks in moving the crops from the North-Western States. In 1861 the Bank of Montreal established an agency in Chicago which greatly facilitated the circulation of its notes and its exchange business with New York. In that year it was estimated that upwards of $3,000,000 in Canadian bank notes were put in circulation in the North-Western States. In 1862, when the American banks were forced to suspend specie payments, the greater part of the Canadian notes were returned for redemption in specie. As a result the leading Canadian banks suffered temporary embarrassment, and as usual were forced to curtail discounts. This in turn

led to a renewed criticism of the banks and the revival of the agitation, still led by Buchanan, for the issue of an irredeemable paper currency.

Owing to the development of a balance of trade against the United States during the Civil War, large quantities of American silver, once more cheaper than gold, passed into Canada in payment for supplies. About the middle of 1862 the Canadian banks began to refuse this silver at par. They afterwards refused it on any terms, a rather short-sighted policy, for it simply forced the silver to remain in circulation to the displacement of an equivalent amount of bank notes. Efforts were made, through some of the city boards of trade, to enforce a trade discount of five per cent on the American silver, but this arrangement was very irregularly observed. Notwithstanding many propositions and endless discussion the difficulty continued even after the close of the Civil War, and was effectively dealt with only when Sir Francis Hincks returned to the Finance department in 1870.

From 1862 to 1864 the liberal party was in power, and owing to the increasing financial difficulties of the Bank of Upper Canada the government account was transferred, early in 1864, to the Bank of Montreal, then under the management of that noted financier, E. H. King, who exercised a remarkable influence upon both the provincial and corporate finances of the country. The bank rendered very material assistance to the government at a rather critical period.

When the conservative party returned to power in 1865, Galt once more took charge of the Finance department. Owing to the inability of the government to withdraw its funds from the Bank of Upper Canada the provincial Treasury was in a very embarrassing condition. Galt had recourse once more to his plan of the government monopoly of the note issue. He now proposed that the banks on surrendering their note issue should receive five per cent interest upon their average circulation. To replace the bank circulation, government notes to the extent of $5,000,000 were to be authorized, redeemable in specie at sub-treasury offices in Montreal and Toronto. As usual, the notes were to be secured partly by specie and partly by provincial debentures,

in the proportion of twenty per cent of specie and eighty per cent of debentures.

Galt's modified scheme, though more favourable to the banks than his former one, again met with much criticism, more particularly on the part of the western banks, which had the benefit of a larger and more flexible note issue. The minister of Finance found it necessary to make a compromise with the opponents of his measure. The policy of establishing a government monopoly of paper currency was abandoned. The government promised that if the necessary $5,000,000 could be procured as an ordinary loan, it would not make use of the note-issue powers to be conferred by the proposed measure. On these terms the bill was permitted to become law. It conferred upon the government the power to issue provincial notes payable in specie on demand to the extent of $5,000,000. It made provision, also, for the surrender of their note issue by the banks on condition of their receiving five per cent interest on the circulation surrendered, and enabled the banks to exchange their public debentures for provincial notes. After Confederation this act was revised somewhat, and its application extended to the whole Dominion.

Meantime the government, failing to secure the whole of the $5,000,000 loan, made arrangements with the Bank of Montreal in August 1866 to surrender gradually its note issue, to be replaced by provincial notes under the terms of the act. As part of the bargain the bank became the financial agent of the government for the issue and redemption of the provincial notes, and received a commission of one per cent on the average amount of provincial notes in circulation. The bargain proved to be a very profitable one for the Bank of Montreal. It already held such a large amount of government securities that their exchange for provincial notes would not reduce its banking funds, nor would it on its own account require to hold specie for the redemption of these notes ; while it received a commission of one per cent on the total amount in circulation, whether held by itself or other banks.

Under cover of assisting the government the Bank of

Montreal prevailed on most of the other banks to take large blocks of the provincial notes, which as legal tender could be substituted for their specie reserves. The convenience of this arrangement being gradually recognized by the banks, the net result of the change has been the substitution of government paper for the specie reserves formerly held by the banks, the responsibility for maintaining the national specie reserve being thus transferred from the banks to the government. The full effect of this important change in Canadian currency was realized only after Confederation.

Once the temporary embarrassment of the government, which had led to the arrangement with the Bank of Montreal, was relieved, the exceptionally strong position in which it placed the Bank of Montreal was fully realized. In consequence of its power and prestige the bank was paid the usual compliments of respect, fear, jealousy and abuse.

## VII

## NOTABLE BANK FAILURES

IT only remains to say a word as to the two notable bank failures just before Confederation. Up to 1866 no Canadian bank of any importance had failed, a matter of considerable pride and some excusable boasting when comparisons were made with banking conditions in the United States. The very criticism of the larger banks as exceptionally prosperous institutions, whose wealth and power were almost dangerous to the lesser interests of the country, only strengthened the popular confidence in their stability and financial soundness.

In 1850 the Bank of Upper Canada once more became the sole agent of the government, and continued so until 1864. During the early fifties it held large balances on government account, ranging from half a million to nearly two millions. Both the Bank of Upper Canada and the Commercial Bank, its chief rival in Upper Canada, were connected with the leading railroad enterprises which flourished in the fifties. The Bank of Upper Canada naturally

employed the heavy government balances on deposit with it to extend its discounts. Unfortunately, many of these were connected with land speculations and inflated milling enterprises. When the crisis of 1857-58 developed, the bank found many of its largest customers unable to meet their obligations, and liquidation could not be forced without disastrous consequences alike to many large industries and to the bank itself. Owing to the intimate relations between the government, the Grand Trunk Railway, and the bank, disputes arose as to whether the bank or the government was liable for certain large sums advanced to the railroad, which it was unable to repay. Hincks, Cayley and Galt were all more or less involved in these transactions, although the difficulties of the bank occurred during the administrations of the two latter. In the hope of saving the situation the government agreed that its balance at the bank should not be reduced below a certain minimum. In 1861 this was $1,200,000. These arrangements remained for the time among the state secrets.

As time passed, many of the doubtful debts due to the bank became bad debts, and bad debts became hopeless losses. But, bravely classifying these overdue accounts among the assets of the bank, and representing the extensive, though involuntary, government deposits as spontaneous evidence of confidence in the bank, the institution was made to present at successive annual meetings a fairly respectable appearance on paper. So firmly rooted was the popular confidence in the financial resources of the Bank of Upper Canada that, contrary to all precedent, the notes of the bank were the last instead of the first of its obligations to suffer from the numerous reflections on its stability which began to find public expression. The first fairly frank statement as to the bank's affairs was made in 1861, when Robert Cassels became general manager, replacing Thomas Ridout. The admitted losses at this time amounted to $1,500,000, or nearly half the capital of the bank, but nothing was said as to the extent to which the government was carrying the bank. When the coalition government went out of power in 1862, the real situation

was revealed, and from that time the fate of the bank was sealed.

On January 1, 1864, the government account was transferred to the Bank of Montreal, but little cash went with it, although the Bank of Upper Canada was indebted to the government to the extent of nearly $1,500,000. Of this amount not more than $200,000 was ultimately realized. After living on sufferance for a couple of years longer, this once powerful and respected institution passed into history in September 1866.

The decline and fall of the other great bank of Western Canada, the Commercial Bank, presents a somewhat different and simpler story. It was less involved in real estate speculation than the Bank of Upper Canada, but it was equally concerned, in its later years, in railroad financing and in commercial speculations. Not having a large government deposit to draw upon, the Commercial Bank lacked the opportunity to make so extensive and ruinous a failure as its favoured rival. The fall of the bank was due to two chief causes: railway speculation, and the undermining of public confidence due to the failure of the Bank of Upper Canada.

Through its connection with the Great Western Railway the Commercial Bank became involved in the finances of the Detroit and Milwaukee Railroad, an affiliated institution for which, however, the Great Western Railway management declined to be financially responsible. A lawsuit between the bank and the Great Western Railway ensued, which revealed to the public the awkward situation of the bank, with nearly half its capital involved in this account. After a ruinous and inconclusive lawsuit an unsatisfactory settlement was reached in 1866. This coincided with the final collapse of the Bank of Upper Canada and destroyed public confidence in the older banks. Extensive withdrawals of accounts from the Commercial Bank exhausted its readily available funds, and the financial stringency of the time prevented the rapid liquidation of its general assets. Apart from the losses on its railroad securities, the Commercial Bank had lost about $1,100,000 in ordinary trade, which was not more, however, than the Bank of Montreal was

forced to write off to meet corresponding losses, chiefly in Western Canada, where the epidemic of prosperity during the fifties had been most severely felt. The refusal of assistance from the government through the Bank of Montreal forced the suspension of the bank in October 1867. An investigation of its affairs proved the bank to be practically solvent, but simply drained of its liquid assets. The noteholders and depositors were safe enough, but the stockholders were heavy losers. After various proposals as to the revival of the bank, or its amalgamation with another institution, arrangements were made whereby the Merchants Bank of Montreal took over its assets at one-third of their par value, making a very profitable bargain.

Before Confederation Canada had passed through its first great boom period, and in the subsequent reaction had lost two of its three largest and oldest banking institutions. These experiences caused, for a generation at least, a notable change in the popular attitude towards the banking institutions of the country.

# WESTERN EXPLORATION

1840-1867

# WESTERN EXPLORATION, 1840-1867

## I

## THE NORTH-WEST PASSAGE

### Sir John Franklin's Last Voyage

THE course of north-western exploration after 1840 lies largely in the vast region north of 60°, and from Hudson Bay to Alaska. Between 1840 and 1867 the few gaps left in the exploration of the northern coast of the continent were filled; much additional information obtained as to the character and extent of the great Arctic islands, and new discoveries made in the interior of the mainland, particularly in what now forms the Yukon district. With these may be considered several important surveys of the country west of Lake Superior, expeditions into the Rocky Mountains, and transcontinental journeys.

Starting in the extreme north, interest centres naturally in that most tragic incident in the whole history of Arctic exploration, the fate of Sir John Franklin and his crew. Not content with the notable results of his two land expeditions to the northern coast of America, Franklin, after several years' quiet service as governor of Tasmania, accepted the command of another expedition, by sea, to search for the North-West Passage.

He sailed in the *Erebus* with her consort the *Terror*, in May 1845, provisioned for three years. Towards the end of July the ships were seen in Baffin Bay by a whaling captain named Dannett. The remainder of the voyage and its terrible conclusion are known only by means of scraps of evidence picked up here and there in the Arctic years afterwards, by one or other of the Franklin search parties. Franklin, his men and his ships were never again seen except by a few Eskimos.

The *Erebus* and *Terror* apparently sailed through Lancaster Sound and up Wellington Channel to 77° N. Returning to Beechey Island, Franklin wintered there. The following summer he sailed down between Prince of Wales Island and North Somerset, through Franklin Strait, and to Victoria Strait between Victoria Land and King William Land, where his ships were frozen in. Here he wintered, 1846-47, and on June 11, 1847, he died on board the *Erebus*.

The command of the expedition devolved upon Captain Francis Rawdon Moira Crozier, and when the summer of 1847 passed without any sign of the ice breaking up, it was decided to abandon the ships and attempt to reach one of the trading posts of the Hudson's Bay Company. Provisions were running low, some of the officers and men had already succumbed to disease, and others were suffering. Taking with them all the provisions they could carry on sleds, Crozier and his men set out for the mouth of Backs River. Landing at Point Victory, King William Land, the following record was deposited in a cairn, and found there by Lieutenant William Robert Hobson in 1859 :

> *April* 25th, 1848.—H.M. Ships *Terror* and *Erebus* were deserted on the 22nd of April, 5 leagues N.N.W. of this, having been beset since 12th September 1846. The officers and crews, consisting of 105 souls, under the command of Capt. F. R. M. Crozier, landed in latitude 69° 37′ 42″ N., longitude 98° 41′ W. This paper[1] was found by Lt. Irving, under the cairn supposed to have been built by Sir James Ross in 1831, 4 miles to the northward, where it had been deposited by the late Commander Gore, in June 1847. Sir James Ross' pillar has not, however, been found ; and the paper has been transferred to this position, which is that in which Sir James Ross' pillar was erected. Sir John Franklin died on the 11th June 1847, and the total loss by death in the Expedition has been to this date 9 officers and 15 men.
>
> F. R. M. CROZIER, *Captain and Senior Officer.*
> JAMES FITZJAMES, *Captain* H.M.S. Erebus.
>
> And start on to-morrow, 26th, for Back's Fish River.

[1] Crozier's record was written on the margin of another deposited in Ross's cairn by Lieutenant Graham Gore, in June 1847.

From Point Victory the retreat becomes a terrible record of suffering from disease and starvation. With such a large party, the scanty supply of provisions was soon exhausted, and that barren wilderness offered nothing to replenish it. Day after day they struggled forward, crawling around the west and south coasts of King William Land, their numbers diminishing daily. Some reached Point Ogle, and others Montreal Island, but none survived the desperate journey. Years afterwards, when the search parties made their way to Point Victory, they had no difficulty in tracing the path of the doomed men by graves and skeletons found everywhere along the route they had followed. As an old Eskimo woman said to Captain Francis Leopold M^cClintock, 'They fell down and died as they walked.' And the irony of it all was that they were within less than one hundred miles of proving the North-West Passage. Had the ice conditions been more favourable, the expedition would have completed the gap between the known waters east and west, and perhaps sailed successfully west along the coast to Bering Strait. But that was not to be.

## Franklin Search Expeditions

Franklin had been provisioned to July 1848. When that year arrived with no sign of the missing explorer or his men, three search expeditions were sent out, one to follow his own supposed course through Lancaster Sound, the second to proceed through Bering Strait from the Pacific side, and the third to travel overland to the mouth of the Mackenzie River, and thence along the coast eastward. Sir James Clark Ross was appointed to the command of the first expedition, Captain T. E. L. Moore and Captain Henry Kellett to the second, and Sir John Richardson to the third. Incidentally, all three expeditions were to carry out such explorations of the Arctic coasts as might prove feasible.

Sailing from England with the *Investigator* and *Enterprise*, Ross crossed Baffin Bay, traversed Lancaster Sound, and went into winter quarters at Port Leopold, on North Somerset. In the spring of 1849 he, with Lieutenant M^cClintock,

explored Prince Regent Inlet on the ice. Finding it impossible to get his vessels out of the ice until late in September, he returned to England, having accomplished nothing so far as the principal object of his voyage was concerned.

Meantime Kellett and Moore were approaching the scene of their search from the opposite direction, by way of Bering Strait. The latter, in the *Plover*, was late in leaving England, and failed to get through Bering Strait in 1848. Kellett, in the *Herald*, was more fortunate, spending a month in Kotzebue Sound before returning to winter in South America. In the following year, 1849, both vessels passed Bering Strait and sailed eastward along the coast, but without accomplishing anything of importance in the way of geographical discovery, or anything whatever so far as the Franklin search was concerned. The *Plover* passed the winter of 1849-50 in Kotzebue Sound, and spent the next three or four years on the Arctic coast of the continent, with the same unsatisfactory result.

Before describing Richardson's overland expedition, it may be convenient here to say a few words about that of Dr John Rae in 1846-47. Dr Rae, an officer in the service of the Hudson's Bay Company, left Fort Churchill in the spring of 1846, with the object of completing the survey of Regent's Inlet. He reached Repulse Bay in August, crossed what has since been known as Rae Isthmus to Committee Bay, and explored a portion of the coast. Finding the season too far advanced to complete his work, he boldly determined to winter on the barren shores of Repulse Bay. With the resourcefulness of a true pioneer, he built a house of stone and earth, and, failing driftwood, gathered quantities of the withered stems of a small plant that grew on the rocks to use as fuel. Deer furnished an abundant supply of venison for the winter's supply. Altogether, Rae and his party of fifteen men spent a fairly comfortable winter in a locality and under conditions which would probably have driven the majority of Arctic explorers to despair. In the spring he completed his survey of Regent's Inlet on foot, and returned in safety to Fort Churchill.

When, therefore, Sir John Richardson was appointed to take command of the overland expedition in 1848, he thought

himself lucky in securing the co-operation of such an experienced and capable northern traveller as Dr Rae. They left England in March, sailed for New York, travelled thence to Montreal, and up the Lakes to Fort William. Following the fur-traders' route by way of Lake Winnipeg and the Saskatchewan, they reached Cumberland House on June 13. Pushing forward on the following day to Frog Portage, and thence up the Churchill to Methye Portage, they descended the beautiful valley of the Clearwater to the Athabaska River, and arrived at Fort Chipewyan on July 11. As he was most anxious to reach the coast and survey it as far as possible eastward that season, Richardson lost no time at Chipewyan, but as soon as some necessary repairs had been made to the boats, set forth again on his long journey to the north. The Mackenzie was entered on July 20, and on the 3rd of the following month the expedition reached its mouth, and turned eastward along the coast.

Parties of Eskimos were met with from time to time, but the firmness of the leaders prevented any trouble. Richardson had hoped to cross Dolphin and Union Strait, and examine the south shore of Wollaston Land for traces of the Franklin expedition, but close-packed drift-ice made his plan impracticable. The same discouraging condition brought the boat voyage to a termination soon after they reached Cape Hearne ; the boats had to be abandoned on the coast, and provisions and other necessary articles made up into sixty- or seventy-pound packs for the long and tiresome journey to the Coppermine, and thence to winter quarters at Fort Confidence, which they reached without misadventure on September 15.

During the winter Rae explored the country between the fort and the Coppermine, in order to select the best route for dragging a boat overland in the spring. Richardson busied himself with astronomical and other observations ; and the other members of the party found useful employment in fishing, hunting, procuring firewood, and keeping the buildings in repair. Parties of Dogrib and Hare Indians visited the fort from time to time, especially when their provisions ran low. Richardson describes them as indolent and untruthful, but strictly honest in regard to property, and

inoffensive. No precautions were taken to guard knives and other small articles, and nothing was ever missed. Newcomers would frequently enter the officers' quarters, and, 'crouching down against the wall, remain in perfect quietness for an hour together, gazing at the books and other things exposed to view.'

Early in June 1849 Rae set forth for the coast, with half a dozen men to form a boat's crew. Richardson had intended to continue the search himself, but as only one boat was available for the service, he had to choose between himself and Rae, and unselfishly surrendered the honour to his colleague, whose 'ability and zeal were unquestionable; who was in the prime of life; and whose personal activity and skill as a hunter fitted him peculiarly for such an enterprise.' As the coast-line between the mouth of the Mackenzie and the Coppermine had been examined the previous season, Rae's work now was to examine the adjoining shores of Wollaston and Victoria Lands.

He reached the banks of the Coppermine on June 22, and found it covered with solid ice. Five days later the party found it possible to embark. Again and again the explorers were held back by ice blockades, and fourteen days were lost in getting to Bloody Fall, a single day's journey under ordinary conditions. The sea was reached on July 14, and Rae turned west along the coast to where the boats had been left the previous autumn. The Eskimos had found and broken them up for the sake of the ironwork. The tents, oil-cloths and some of the sails, however, remained uninjured. A cache of pemmican and ammunition had also escaped the sharp eyes of the Eskimos. On the 30th Rae reached Cape Krusenstern, and as this was the most convenient point from which to make the traverse to Wollaston Land, he determined to attempt the passage as soon as the ice conditions were favourable. Day after day, however, he waited in vain for a passage. A gale of wind would open a mile or two of clear water, but by the time hasty preparations had been made for embarking, the ice was again packed in a solid, impenetrable mass. Finally, to his deep mortification, Rae was compelled to abandon the attempt and turn

back to the mouth of the Coppermine, which he reached on August 24. Eight days later he and his men were back once more at Fort Confidence.

Meanwhile Richardson had left Fort Confidence, and after a somewhat difficult journey down Bear River, had reached Fort Norman on the Mackenzie. From here he ascended the Mackenzie to Fort Simpson, and was again at Fort Chipewyan on July 19. He arrived at Fort William on September 14, and about the end of the month was once more in Montreal. A quick passage from Boston brought him to Liverpool on November 6, after an absence of nineteen months.

The return of Ross from his bootless voyage of 1848-49, instead of discouraging the government and people of England, seems to have stimulated them to renewed activity in the search for the Franklin expedition. The Admiralty sent one squadron to Bering Strait, under Captains Richard Collinson and Robert John Le Mesurier M^c^Clure, and two separate expeditions on the eastern side, by way of Lancaster Sound, under Captains Horatio Thomas Austin and William Penny. To Lancaster Sound also sailed, in this notable year 1850, the *Felix*, under the command of Sir John Ross, and equipped by private benevolence, the *Prince Albert*, equipped by Lady Franklin, and commanded by Captain Charles Codrington Forsyth, and the *Advance* and *Rescue*, commanded by Lieutenant Edwin J. de Haven, and sent out by American sympathizers.

Collinson in the *Enterprise*, and M^c^Clure in the *Investigator*, sailed from England in January 1850. M^c^Clure outsailed Collinson, and reaching Bering Strait first, pushed through it, rounded Point Barrow about the beginning of August, and sailed along the coast to Cape Bathurst. From here he sailed north, discovered and landed on Banks Land, and following Prince of Wales Strait eastward, was forced to winter in the midst of dangerous pack-ice. During the winter M^c^Clure explored the coast of Banks Land to its north-east extremity, and in 1851 sailed round to the extreme north-west point, and wintered in Mercy Bay. From his winter quarters he visited Melville Island, and sent

his lieutenants to explore Banks Land, Wollaston Land and Prince Albert Land.

The summer of 1852 found the *Investigator* still fast in the ice ; and when the spring of 1853 brought no change in the situation, the rapidly-diminishing stock of food compelled M^c^Clure to abandon his ship, and cross Barrow Strait on the ice to one of the ships of the eastern squadron. The crew of the *Investigator* therefore completed the North-West Passage,[1] though their ship did not.

Sailing through Bering Strait in 1851, Collinson in the *Enterprise* traversed Prince of Wales Strait and reached the western entrance of Barrow Strait. Following M^c^Clure round Banks Land without meeting him, he went into winter quarters in Walker Bay, Prince Albert Land. The winter was spent in sledge journeys around Prince Albert Land and Melville Island searching for traces of the Franklin expedition, and also to find the whereabouts of the *Investigator*. Nothing was learned of either party.

In 1852 Collinson sailed south and east through Dolphin Strait and Coronation Gulf to the eastern end of Dease Strait, where he again went into winter quarters. During the winter he explored the south-east coast of Victoria Land, but found it impossible to cross over to King William Land where he would have discovered the Franklin relics. Sailing west in 1853, he was unable to make Bering Strait and had to winter at Flaxman Island. He got out of the ice in July 1854, and reached England in May of the following year, after an absence of over five years.

'The voyage of Collinson,' says General Greely,[2] 'is one of the most remarkable and successful on record. With a sailing ship he navigated not only the Arctic Sea forward and back through 128 (64 one way) degrees of longitude, a feat only excelled by the steamer *Vega*, but he also sailed the *Enterprise* more than ten degrees of longitude through

[1] The first and only captain to sail his ship through the North-West Passage was Captain Roald Amundsen, the discoverer of the South Pole, in the gallant little *Gjoa*, 1903-5.

[2] General Adolphus W. Greely, who commanded an expedition to Lady Franklin Bay, Ellesmere Island, 1881-84. On this expedition out of twenty-five officers and men only six survived.

the narrow straits along the northern shores of continental America, which never before had been navigated save by small boats and with excessive difficulty.'

Of the various expeditions sent out to Lancaster Sound to follow the supposed course of Franklin, practically the whole squadron of ten vessels forgathered in Barrow Strait on August 1850. Here they separated, the *Prince Albert* returning to England with a report as to the discovery of graves and other signs of the sailing of the *Erebus* and *Terror* through Lancaster Sound and Barrow Strait; the American expedition proceeding up Wellington Channel, discovering Murdaugh Island and Grinnell Land, and returning home in 1851, after eight months' drifting with the floes. Wellington Channel and Cornwallis Land were examined by Penny's expedition, and by Sir John Ross in the *Felix*; while the principal government party, under Captain Austin, spent the year 1851 in exploring Prince of Wales Land. Captain William Kennedy, who had come out in the *Prince Albert* in 1851, wintered at Batty Bay, and in a sledge journey of eleven hundred miles, discovered Bellot Strait[1] and travelled completely round North Somerset.

In 1852, after the return of Captain Austin, a further expedition was sent out by the Admiralty under Sir Edward Belcher, with instructions to examine the upper portion of Wellington Channel. While no trace was, of course, found of the Franklin expedition in this direction, the expedition made a thorough exploration of Bathurst, Cornwallis and Melville islands, and achieved other important geographical discoveries north and west of Wellington Channel. This was the last of the official expeditions in search of Franklin.

Two years after his disappointing expedition of 1849, Dr Rae again descended the Coppermine, this time under instructions from the Hudson's Bay Company, and early in May succeeded in crossing Dolphin Strait. He explored the coast of Wollaston Land to Cape Bering, and recrossed the strait to Cape Krusenstern and Kendall River, after a journey on foot, with only two companions, of eleven hundred miles.

[1] Named after Joseph René Bellot, a French naval officer, who as a volunteer accompanied the Kennedy expedition.

Not content with this notable piece of work, Rae returned to the mouth of the Coppermine, followed the coast round to Cape Colburn, and explored Victoria Land to within fifty miles of the spot where the *Erebus* and *Terror* had been abandoned three years before. Heavy ice prevented him from crossing to King William Land, as he had hoped to do, and he was compelled to return without finding any trace of the Franklin parties beyond the butt of a flagstaff at Parker Bay.

In 1853 Dr Rae again returned to the Arctic, reaching Repulse Bay by boat from Chesterfield Inlet. Game was abundant, and he and his men were able to winter in this most uninviting region with comparative comfort. In the spring of 1854 he explored a large part of the west coast of Boothia. From a young Eskimo whom he met in the course of this journey, he learned that in the spring of 1850 about forty white men had been seen dragging a boat southward along the west coast of King William Land ; that they had told the Eskimos of the loss of their ship, and that they were on their way to the mainland, where they hoped to find reindeer ; and that later in the spring, the bodies of some thirty of the white men had been found on the mainland, and five on an island near the coast. The Eskimos showed Rae pieces of silver with the Franklin crest, and other articles that proved conclusively the tragic end of the expedition. These and other relics secured from the Eskimos, Rae carried back to York Factory in August 1854 and sent to England. The following year James Anderson, also of the Hudson's Bay Company, descended Backs River to the sea, and from the Eskimos there secured many additional relics of the Franklin expedition. Satisfied by this confirmatory evidence of the death of Franklin and his men, the Admiralty awarded to Rae and his companions the £10,000 reward offered for positive information as to the fate of the expedition.

Although, with the return of Belcher, the Admiralty had declined to equip any further expeditions, Lady Franklin was determined to ascertain exact particulars of the death of her husband and his men. She secured in M°Clintock an officer of wide experience in Arctic exploration, and one also of excellent judgment and tireless determination.

M^cClintock sailed in the *Fox* in 1857, drifted eight months in the ice south of Melville Bay, refitted in Greenland ports, and returned to Beechey Island in 1858. From here he sailed down Peel Sound, but, meeting solid ice, returned to Port Leopold and coasted the east side of North Somerset to Bellot Strait. Failing to drive his vessel through the strait, he wintered there, and in 1859 with Lieutenant Hobson made a series of important sledge journeys ; to the north magnetic pole, where a party of Eskimos was found with relics of the Franklin party ; and to Victoria Land and King William Land. This second journey resulted in the complete exploration of King William Land, and the discovery of many relics of the Franklin expedition, including the record found by Hobson at Point Victoria, on the north-west coast of King William Land. Meantime another officer, Captain Allen W. Young, had crossed Franklin Strait to Prince of Wales Land, which he explored to its southern extremity at Cape Swinburne, and returned to the *Fox* after an unsuccessful attempt to cross M^cClintock Channel to Victoria Land. The *Fox* returned to England in September 1859, with the first definite information as to the fate of the Franklin expedition.

In 1865 an American explorer, Charles Francis Hall, followed Rae to Repulse Bay, wintered at Fort Hope, Rae's old winter quarters, and in the spring of 1866, with Eskimo guides, got as far as Cape Weynton, Simpson Peninsula. Here he encountered a party of Eskimos, who told him that they had seen Franklin and visited his ships, and from whom he obtained silver bearing the crest of Franklin. The following year he visited Igloolik, Parry's winter quarters in 1822, and in 1868 explored the west coast of Melville Peninsula, connecting Parry's farthest, at the western entrance to Fury Strait, with Rae's, on the eastern side of Committee Bay—the last gap in the exploration of the northern coast of America. After again wintering at Fort Hope, this indefatigable explorer, who had determined to find some definite record of the Franklin expedition, if such existed, started overland from Repulse Bay in the spring of 1869, crossed Rae Isthmus and Boothia, and found one or two skeletons

on the mainland south of King William Land. Here he also learned from the natives that the remnant of the Franklin party under Crozier had been seen by the Eskimos off the west coast of King William Land in July 1848, and that subsequently they had all died of starvation. So ended the long search for the lost Franklin expedition, a search which so far as its immediate object was concerned, brought only the most meagre returns, but which did result in most important additions to the geography of the Arctic Archipelago and the northern coast of America.

## II

## THE FAR NORTH AND THE YUKON

### The Hudson's Bay Company

TURNING to the interior of the continent, we find that before the year 1840 the Hudson's Bay Company had established a chain of trading posts down the Mackenzie River, from Fort Providence, a little below Great Slave Lake, to Fort Good Hope, below the Ramparts. In 1840 Fort McPherson, which still remains the most northerly post of the company, was built near the mouth of Peel River, the lowest tributary of the Mackenzie, by John Bell, a chief trader in the company's service, who had been engaged the previous year in exploring Peel River.

In 1842 Bell, who had been urged by some of the western Indians to visit their country, crossed the mountains and reached the banks of a river which he called Rat River, but which was afterwards named in his own honour. Descending this stream, he found that it emptied into a larger river—the Porcupine—which he explored to a point near the present international boundary, three days' journey down-stream. Two years later he completed his exploration of the Porcupine, and stood on the banks of a great river which the Indians told him was called the Youcon, or Yukon. This river, as will presently be shown, had already been explored from the upper waters of the Pelly to the junction of the Pelly and Lewes, and therefore to the beginning of the Yukon proper.

Its lower waters were explored by the Russian, Glazunof, in 1836 or 1837, up to Nulato; and by Zagoskin, in 1843, as far as the mouth of the Nowikakat. It was not until many years after Bell's journey that any of the Russian explorers or traders reached the mouth of the Porcupine.

As a result of Bell's discovery, Alexander Hunter Murray was sent to build a post for the Hudson's Bay Company at the mouth of the Porcupine. This he did in 1847, and has left a most interesting journal of his first year at Fort Yukon, including an account of the building of the fort; the relations of the fur traders with the natives of the Yukon valley; the habits, customs, appearance and language of the different tribes; the fauna, flora, etc., of the country. It is a rather odd commentary on the methods and principles of the fur trade that Murray frankly admits that he was building Fort Yukon on Russian territory. Curiously enough, the Russians never made any attempt to dislodge him, or even to warn him out of the country, except by vague threats sent through visiting Indians; and in fact it was not until after Alaska had been acquired by the United States, in 1869, that the traders were ejected from the territory. The Hudson's Bay Company thereupon retreated up the Porcupine, and built Rampart House at or near the international boundary.

### Robert Campbell

In the spring of 1840 Robert Campbell, of the Hudson's Bay Company, under instructions from Sir George Simpson, at that time governor of the company, set forth from Fort Halkett, on the Liard River, to explore its upper waters, and search on the other side of the height of land for a great river flowing towards the west or north-west, rumours of which had been brought down to the company's trading posts by parties of Indians. It was thought that this river might prove to be the Colville, the mouth of which, in the Arctic Ocean, had been discovered recently by Peter Warren Dease and Thomas Simpson. After ascending the Liard some hundreds of miles, far into the mountains, Campbell, with seven men, including his trusty Indian guides, Lapie and Kitza, with the inter-

preter Hoole, all of whom had been with him on the Stikine, entered a beautiful lake, which he named Frances Lake in honour of Lady Simpson. Paddling up to the south-west extremity of the lake, he left the canoe in charge of some of his men, and, shouldering blankets and gun, ascended the valley of a river which he traced to its source in another lake so near the watershed that in high floods its waters flow both ways, reaching eventually the Arctic on one side and the Pacific on the other. This lake he named Finlayson, after Duncan Finlayson, chief factor of the company.

From this lake Campbell and his men descended the west slope, and two days later stood upon the banks of a noble river which he named the Pelly, after Sir John Henry Pelly, the home governor of the company. Here they built a raft, and drifted down a few miles with the current. It was too late, however, to follow the discovery up that season. Campbell therefore, after throwing into the river a sealed tin can containing a memorandum of his discovery, returned to Frances Lake, where in the meantime his men had built a post which he called Glenlyon House, after his birthplace in Perthshire.

The following year was spent in building up the fur trade at Frances Lake, and making it a base for future discoveries west of the mountains. In 1842 birch bark for the construction of a large canoe to be used in exploring the Pelly was brought up from Fort Halkett and sent over the mountains by dog-sleighs to Pelly Banks, where buildings were erected and the canoe built in the spring of 1843.

Early in June of that year Campbell left Glenlyon House for Pelly Banks, and immediately started down the stream in the canoe with Hoole and several other voyageurs. As they advanced the river increased in size, and its banks offered a succession of beautiful landscapes, with ranges of mountains in the background on either side. Moose and bear were frequently seen, and where the banks of the river rose sheer from the water's edge, they had passing glimpses of the bighorn, fleeting up from crag to crag, and finally disappearing over the summit.

Several days' easy travel brought them to the junction of the Pelly with another river which Campbell named the

Lewes, after John Lee Lewes, then chief factor at Fort Simpson. Here a party of 'Wood' Indians was found encamped. Campbell says:

> We took them by no ordinary surprise, as they had never seen a white man before, and looked upon us and everything about us with some awe as well as curiosity. Two of their chiefs, father and son, were very tall, stout, handsome men. We smoked the pipe of peace together, and I distributed some presents. They spoke in loud tones, as do all Indians in their natural state, but seemed kind and peaceable. When we explained to them as best we could that we were going down-stream, they all raised their voices against it. Among other dangers, they indicated that inhabiting the lower river were many tribes of 'Bad Indians, numerous as the sand,' who would not only kill us but eat us; we should never get back alive, and friends coming to look after us would unjustly blame them for our death.

This species of native eloquence did not of course impose on Campbell, who had heard it before. It had in fact been tried on all North American explorers from Jacques Cartier to Mackenzie. Campbell's men, however, took it all at face value, and were frightened to such a degree that the explorer reluctantly agreed to return, the more willingly because he was very ill equipped for an extensive exploration of the river. It was nevertheless a serious disappointment to be compelled to turn back on the threshold of what might prove to be a momentous discovery.

On the third day he noticed on both sides of the river fires burning on the hill-tops far and near. He says:

> This awoke me to a sense of our situation. I conjectured that, as in Scotland in the olden time, these were signal fires, and that they summoned the Indians to surround and intercept us. Thus aroused, we made the best use of paddle and tracking line to get up-stream and ahead of the Indian signals. On the fourth morning we came to a party of Indians on the further bank of the river. They made signs to us to cross over, which we did. They were very hostile, watching us with bows bent and arrows in hand, and would not come

down from the top of the high bank to the water's edge to meet us. I sent up a man with some tobacco—the emblem of peace—to reassure them ; but at first they would hardly remove their hands from their bows to receive it. We ascended the bank to them, and had a most friendly interview, carried on by words and signs. It required some finesse and adroitness to get away from them. Once in the canoe, we quickly pushed out and struck obliquely for the opposite bank, so as to be out of range of their arrows, and I faced about gun in hand to observe their actions. The river was there too broad either for ball or arrow. We worked hard during the rest of the day and until late. The men were tired out, and I made them all sleep in my tent while I kept watch. At that season the night is so clear that one can read, write, or work throughout. Our camp lay on the bank of the river at the base of a steep declivity which had large trees here and there up its grassy slope. In the branches of one of these trees I passed the greater part of this anxious night, reading Hervey's *Meditations* and keeping a vigilant look-out. Occasionally I descended and walked to the river bank, but all was still. Two years afterwards, when friendly relations had been established with the Indians in this district, I learned to my no small astonishment that the hostile tribe encountered down the river had dogged us all day, and when we halted for the night, had encamped behind the crest of the hill, and from this retreat had watched my every movement. With the exactitude of detail characteristic of Indians, they described me sitting in the tree, holding 'something white' (the book) in my hand, and often raising my eyes to make a survey of the neighbourhood ; then, descending to the river bank, taking my horn cup from my belt, and even while I drank glancing up and down the river and towards the hill. They confessed that, had I knelt down to drink they would have rushed upon me and drowned me in the swift current, and after thus despatching me, would have massacred the sleeping inmates of my tent.

Next morning Campbell and his men were early in motion, believing that they had outwitted the Indians and outstripped their signal fires. The Frances Lake post was reached without further adventure.

In the winter of 1847-48 boats were built at Pelly Banks, and in June 1848 Campbell with a party of men started down the river to build, at the forks of the Pelly and Lewes, a post which was named Fort Selkirk. The fort was built at the extremity of the point of land between the two rivers, but in 1852 was moved to a site a short distance below the forks, on the left bank of the Yukon. In this latter year some of the Coast Indians made a raid on the post, drove out the traders, pillaged the buildings, and burnt them to the ground. Nothing remained but the ruined chimneys to show where the fort had stood.

Meantime, however, Campbell had become convinced that the river he had explored down to the forks was not the Colville but the Yukon. He therefore, in 1850, obtained permission from Sir George Simpson to continue his exploration down to the mouth of the Porcupine, to finally settle the identity of the river. Leaving Fort Selkirk, he descended the river to Fort Yukon, a distance, as he makes it, of about twelve hundred miles. There he found Murray, and accompanied him up the Porcupine and over the mountains to Fort M$^{c}$Pherson with the season's furs. From there he ascended the Mackenzie to Fort Simpson, at the mouth of the Liard, thus completing a circuit of several thousand miles. Of his reception at the fort he remarks :

> Great astonishment was felt by all my friends and acquaintances when they saw me reach Fort Simpson by coming up the Mackenzie River, instead of descending the Liard, for not one of them entertained a suspicion that the Pelly River had any connection with the Youcon, or that the Pelly was linked with the Porcupine, Peel and Mackenzie Rivers. Thenceforward this new route, so unexpectedly found, was made the highway for the transport of outfits to, and results of trade from, the Pelly and all intermediate points.

In 1852, being anxious to obtain the authority of the company for the rebuilding of Fort Selkirk, Campbell made a remarkable journey from thence to Crow Wing on the Mississippi. Leaving Fort Selkirk about the beginning of September, he ascended the Pelly to its upper waters, crossed

over the Frances Lake, and descended the Liard to Fort Simpson, arriving late in October amid thick drifting ice. Here he remained until November 30, when he left on snow-shoes for one of the longest tramps on record. He reached Great Slave Lake on December 8, crossed the lake in a piercing wind to Fort Resolution, and after a day's rest there, set out for Fort Chipewyan on Lake Athabaska, where he arrived on Christmas Day. Continuing his journey on January 4, he reached Ile à la Crosse on the 18th, and Carlton House, on the Saskatchewan, eleven days later. From Carlton House he had heavy going across the plains, only reaching Fort Pelly on February 11. He arrived at Fort Ellice five days later, and reached the Red River Settlement on the 23rd. Here he remained for several days 'enjoying the luxuries of civilized life and society, including a sermon,' the first he had heard in twenty years. On March 1 he was off again up the Red River, and reached Crow Wing on the 13th, having tramped on snow-shoes a distance of about three thousand miles. From Crow Wing the prosaic mail stage took him to St Paul and Prairie du Chien ; a steamer brought him to Galena, and a stage again to Rockford, then the terminal of the railway. By way of Chicago and Buffalo he reached Montreal, and after settling his business there, left for New York, where he took steamer for Liverpool, completing at London a journey performed by every species of conveyance, from canoes and snow-shoes to express trains and ocean steamers, of nearly ten thousand miles.

With regard to these explorations of the Great North-West Dr George M. Dawson wrote :

> The utmost credit must be accorded to the pioneers of the Hudson's Bay Company for the enterprise displayed by them in carrying their trade into the Yukon basin in the face of difficulties so great, and at such an immense distance from their base of supplies. To explorations of this kind, performed in the service of commerce, unostentatiously and as matters of simple duty, by such men as Mackenzie, Fraser, Thompson and Campbell, we owe the discovery of our great north-

west country. Their journeys were not marked by incidents of conflict and bloodshed, but were accomplished on the contrary with the friendly assistance and co-operation of the natives. Less resolute men would scarcely have entertained the idea of utilizing as an avenue of trade a river so perilous of navigation as the Liard had proved to be when explored. So long, however, as this appeared to be the most practicable route to the country beyond the mountains, its abandonment was not even contemplated. Neither distance nor danger appear to have been taken into account, and in spite of every obstacle a way was opened and a series of posts established extending from Fort Simpson on the Mackenzie to Fort Yukon. Fort Simpson may itself be regarded, even at the present day, as a post very far removed from the borders of civilization, but this further route stretched out beyond it for over a thousand miles. At the time of the establishment of Forts Yukon and Selkirk, and for many years afterwards, the returns from these furthest stations reached the market only after seven years, the course of trade being as follows: the first year the goods reached York Factory from England; the second year they were carried inland to Norway House; the third year they reached Peel River in the far north, and were hauled during the winter across the mountains to La Pierre House; the fourth year they arrived at their destination, Fort Yukon; the fifth year the returns were carried up the Porcupine River to La Pierre House and hauled across the Peel River; the sixth year they reached the depot at Fort Simpson; the seventh year they finally reached the market.

## III

## FROM LAKE SUPERIOR TO THE PACIFIC

### Dawson, Hind and Palliser

THE story of Western exploration from 1840 to Confederation may fittingly end with a brief account of several surveys of the country between Lake Superior and the Rocky Mountains, and of some notable transcontinental journeys.

In the year 1857-58 Samuel J. Dawson carried out, under the instructions of the government of Canada, a series of surveys of the country between Lake Superior and the Red River Settlement, with the view of ascertaining the best route for a line of communication. He reported the old Grand Portage route as impracticable except for very small and light canoes, but found that by way of the Kaministikwia more favourable. His transportation scheme involved a wagon road from Thunder Bay to Dog Lake ; the improvement by dams of the navigation of Dog Lake and River ; a portage road round Prairie and Savanne Rapids to Savanne River ; the water route again to Little Falls ; Little Falls to Rainy Lake by water, with a land road round the twelve portages near Rainy Lake ; the long stretch of over two hundred miles of water communication, with only one break, from the River Seine to Lac Plat ; and a land road from Lac Plat to Fort Garry. Dawson recommended carts or wagons for the land stretches, connecting with small steamers on the water communications. His report was submitted to parliament, but nothing tangible came of it, and it was eventually swamped in the much more important scheme of the Canadian Pacific Railway.

In the years 1858-59, under instructions from the Canadian government, Henry Youle Hind carried out a series of important explorations of the country west of Lake Winnipeg and lying between the Saskatchewan and the Assiniboine. He found some difficulty in the Red River Settlement in procuring men for the expedition, because of the wholesome dread of the Sioux on the part of the native and half-breed hunters. Finally, however, eight men were secured, and with these and provisions for a three months' journey, Hind left for the interior.

From Fort Garry he made a careful examination of the Assiniboine as far as the mouth of the Souris, and followed that stream to the international boundary, thence crossing the prairie to Fort Ellice. Here he divided his party into three, one surveying the Qu'Appelle River, the second covering the country between Long Lake and Fort Pelly, and the third ascending the Qu'Appelle to its source and thence to

the south branch of the Saskatchewan. Hind himself, who had taken charge of the third section, on reaching the Saskatchewan, surveyed the south branch for two hundred and fifty miles to the Forks. At Fort la Corne, a few miles below the Forks, he again made a division, sending one of his officers down the main Saskatchewan, and by the west shore of Lake Winnipeg to the Red River, while he himself proceeded across country to the Touchwood Hills and Fort Ellice. Surveys were also made of the country about Lake Winnipegosis and the Riding Mountains, and east and west of the Red River.

While the Canadian explorers, Dawson and Hind, were surveying the country between Lake Superior and the south branch of the Saskatchewan, Captain John Palliser, in command of a strong party of explorers sent out by the British government, was making an elaborate series of surveys of the country between Fort Garry and Fort Colville on the Columbia. These explorations, which covered the years 1857-60, included an examination of the Red River to Fort Garry and Pembina; from Pembina along the boundary to Turtle Mountain and north-west to Fort Ellice; from Fort Garry to Fort Ellice by two separate routes; from Fort Ellice south-west to the boundary, north to Fort Pelly, west to the elbow of the South Saskatchewan, and north-west to the Touchwood Hills and Fort Carlton on the North Saskatchewan. From Fort Carlton a thorough examination was made of the North Saskatchewan and the Battle River, which was connected with a similarly careful survey from Chesterfield House of the South Saskatchewan with its tributaries, the Red Deer, Bow and Belly Rivers. In the north the country was examined in every direction from Fort Edmonton, and the Athabaska River surveyed to its source. Both branches of the Saskatchewan were followed up into the mountains, and the following passes discovered and laid down: the Kananaski and Vermilion Passes, from the South Saskatchewan to the Kootenay; the Lake Pass, Beaver Foot Pass, from Kootenay River to the Columbia; Little Fork Pass, from the South Saskatchewan to the North Saskatchewan; and the Kicking Horse Pass,

from the South Saskatchewan to the Columbia. In addition, Kootenay Pass was examined and found to be entirely within British territory. West of the mountains, the Columbia was examined from below the mouth of Blaeberry River to its source, and the Kootenay from its source to its junction with the Columbia.

## Sir George Simpson

Between the years 1841 and 1864 three transcontinental journeys were made north of the forty-ninth parallel, or at any rate for the most part north of it. The first was by Sir George Simpson, governor of the Hudson's Bay Company ; the second by Paul Kane, the Canadian artist and traveller ; and the third by Viscount Milton and Dr Cheadle. The narratives of all three have been preserved in book form.

Sir George Simpson, following the usual fur traders' route from Montreal, up the Ottawa to Lake Nipissing and through the Upper Lakes to Fort William, reached Fort Garry early in June 1841. Here he abandoned his canoes, and continued his journey to Fort Edmonton by horse, travelling rapidly across the prairie, the scene resembling ' the moving of an eastern caravan in the boundless sands of Arabia, a medley of pots and pans and kettles in our single vehicle, the unruly pack-horses prancing under their loads, and every cavalier, armed to the teeth, assisting his steed to neigh and caper with bit and spur.' As they were to travel through the country of the Blackfeet, a tribe which enjoyed a rather unsavoury reputation among the fur traders at the time, special precautions were taken to ensure the safety of the expedition.

Travelling by way of Fort Ellice, and following the track of a large body of emigrants who had left the Red River Settlement for the Columbia a few days before, Simpson arrived at Fort Carlton on the Saskatchewan, having covered about six hundred miles in thirteen days with heavily laden horses. Ascending the north bank of the Saskatchewan to Fort Pitt, he reached Edmonton on July 24, without having encountered any of the troublesome Blackfeet. At the fort,

however, he met several chiefs of the tribe, with a large number of followers, and although the interview was most friendly, he thought it wise to continue his journey without the knowledge of the Indians.

Crossing the river in the early morning with his men, he managed to give the Blackfeet the slip, and pushed on for the mountains with fresh horses. A rapid journey through swamp, forest, and rock-encumbered ground, and some hours' hard climbing, brought him to the summit of the pass. 'We breakfasted,' says Simpson, 'on the level isthmus, which did not exceed fourteen paces in width, filling our kettles for this our lonely meal at once from the crystal sources of the Columbia and the Saskatchewan, while these feeders of two opposite oceans, murmuring over their beds of mossy stones as if to bid each other a long farewell, could hardly fail to attune our minds to the sublimity of the scene.' The descent on the western side proved exceedingly trying. Twenty-three times Simpson and his men were compelled to ford the ever-winding mountain torrent whose valley they were following, and although the next day's march brought them to more level ground, it was only from one series of obstacles to another. The ground was now rugged and boggy; 'the forests were thick and tangled; and prostrate trees of large dimensions, piled and interlaced together, barricaded our track. Leading our horses, we forced our way along by winding about in every direction, by hewing or removing fallen trunks, and by making the animals, according to circumstances, leap, or scamble, or crouch. At the end of four hours we had not accomplished more than two miles.'

Emerging from this labyrinth, the travellers found themselves on the precipitous banks of the Kootenay, and descended this river, encountering camps of the Kootenay Indians as they went. A few days later they arrived at Fort Colville on the Columbia, having completed a journey of nearly two thousand miles on horseback, across plains, mountains, rivers and forests.

One of the valuable features of Sir George Simpson's narrative is the light it throws on the relations of the fur traders to the Indians, and particularly the policy of the

Hudson's Bay Company in that regard. The journey of the governor across the continent was an event of importance in the fur trader's country, and at every important point he was met by deputations of Indians—Chippewas and Crees and Assiniboines, Blackfeet, Kootenays and Flatheads. At Fort William a large band of Chippewas was in attendance. These Indians, more or less in disgrace, had deserted the company's territory, and felt uncertain as to the governor's reception. Simpson thus graphically describes this meeting with the savages :

> The ceremony of shaking hands having been punctiliously performed with every person, the Indians squatted themselves on the boards, excepting that their chief, known as L'Espagnol, stood forward in the centre of the room. The orator, a tall and handsome man, somewhat advanced in years, was arrayed in a scarlet coat with gold epaulettes, the whole being apparently spick and span new, for the bright buttons were still enveloped in their original papers ; and whether from the want of inexpressibles, or from a Highland taste, the tail of his shirt answered the purpose of a kilt.
>
> Having again shaken hands with the air of a prince, L'Espagnol delivered himself very fluently to the effect that he and his followers, after passing from the British to the Americans, had soon found reason to reflect that they had always been well treated by the Hudson's Bay Company ; that, with our leave, they would now settle near the fort, so that the smoke of their homes might thenceforward rise among Canadian forests ; and that, being all Catholics, they should like to have a priest among them. This speech at its conclusion elicited a unanimous grunt of approbation from L'Espagnol's people. In reply, I briefly reminded them that, in defiance of one promise already given, they had kept wandering from place to place ; offering them at the same time protection if they should decide henceforward to remain here, but declining to interfere in the matter of religion. With the help of a present, this answer appeared to satisfy them, and the high contracting parties separated.

At Fort Frances another large band of Indians awaited

the governor's pleasure. Here the most serious problem confronting the white trader in his relations with the Indians came to the surface, as it did persistently throughout the whole period of the fur trade. The craving for fire-water, first introduced among the western tribes by French traders, became universal when their British successors spread the infection wherever their trading ventures might lead them. The fierce rivalries between the Canadian fur traders and the Hudson's Bay Company made matters infinitely worse, as rum became an always convenient bribe to tempt the Indian from one trading post to the rival establishment. With the union of the Hudson's Bay and North-West Companies, those in control of the traffic, recognizing the demoralizing effect of liquor upon the Indians, and the fact that in the long run its introduction into the West would react upon the fur trade, determined to banish it from their territories. It was found, however, that the process must necessarily be gradual, as the craving for liquor was too deep-seated to be rooted up instantaneously. Consequently in 1841 an Indian harangue, at a formal conference with the leaders of the fur trade, still rarely came to a conclusion without a demand for rum. At Fort Frances the native spokesman, after displaying a valuable present of furs, opened his speech with a long prelude on the origin of the two races, 'the object being to show how and when and why the Great Spirit had made one race red and another white.' He then, says Simpson, 'plunged at once from this transcendental height into the practical vulgarities of rum, complaining that we had stopped their liquor, though we, or at least our predecessors, had promised to furnish it "as long as the waters flowed down the rapids." In reply I explained that spirits had been withdrawn, not to save expense to us but to benefit them. I then pointed out the advantages of temperance, promising them, however, a small gift of rum every autumn, not as a luxury, but as a medicine.'

The far-sightedness of the company's policy, and their keen insight into Indian character, are well illustrated in Sir George Simpson's shrewd response to the presents of furs that formed an essential part of every conference. Not

content with giving generous presents in return, he delighted each deputation with the promise that they would be paid full price for every skin they had brought as a present. In this and other similar ways the officers of the Hudson's Bay Company found it possible not only to hold their own, but to smother all opposition, even at their most remote trading posts in the extreme north-west and the extreme south-west, where they were able to meet the Russian traders in one case, and the Americans in the other, and beat them both in their own territory.

## Paul Kane

Paul Kane, the Canadian artist, made a journey across the continent in the years 1846-47, his principal object being to secure a number of sketches illustrating the appearance, manners and customs of the western Indians, and the characteristic scenery of their country. Through the interest of Sir George Simpson he obtained passage to the interior with the spring brigade of canoes of the Hudson's Bay Company. He travelled from Toronto to Sault Ste Marie with Simpson, but found that the brigade had left two days before. Taking passage in the company's lake vessel, he arrived at Fort William still a day behind the brigade, which, however, he overtook at the Mountain Portage, forty miles west of Fort William.

Fort Garry was reached on June 13, Paul Kane having parted with the brigade at Fort Alexander, near the mouth of the Winnipeg River. The brigade turned north up the lake to Norway House, while the artist engaged several Indians to take him up Red River to the Red River Settlement. Here he remained for some days, and during his visit found opportunity to take part in the great spring buffalo hunt—the principal event of the year in the settlement, and one that throws an interesting light on the character and mode of life of that singular product of the white and red races, the half-breed. In place of Kane's own account of the hunt, the more spirited narrative of Alexander Ross is substituted. Ross, through his long connection with the Hudson's Bay Company, was intimately acquainted with every phase of the fur trade, and the relations between

traders and Indians. He was also thoroughly familiar with the elements that made up the motley population of the Red River Colony, and with none more than with the erratic and somewhat troublesome class known as plain-hunters.

The spring hunt not only affected more or less the entire settlement, but actually engaged a considerable proportion of the population. In the hunt described by Ross no less than 620 men were engaged, and with them went into camp 650 women, with some 360 boys and girls. Their provisions and camp equipage filled over 1200 carts, and they took with them 400 horses trained to buffalo-running, besides 650 cart horses. The camp occupied as much room as a modern city ; it was under the government of a number of captains with soldiers to carry out their orders ; and strict regulations were made and enforced for its guidance, particularly when the buffalo country was reached. Ross says :

> On the third day of July, our nineteenth day from the settlement, and at a distance of little more than two hundred and fifty miles, we came in sight of our destined hunting-ground ; and on the day following we had our first buffalo race. Our array in the field must have been a grand and imposing one to those who had never seen the like before. No less than four hundred huntsmen, all mounted and anxiously waiting for the word *Start!* took up their position in a line at one end of the camp, while Captain Wilkie, with his spy-glass at his eye, surveyed the buffalo, examined the ground, and issued his orders. At 8 o'clock the whole cavalcade broke ground and made for the buffalo ; first at a slow trot, then at a gallop, and lastly at full speed. Their advance was over a dead level, the plain having no hollow or shelter of any kind to conceal their approach. When the horsemen started, the cattle might have been a mile and a half ahead ; but they had approached to within four or five hundred yards before the bulls curved their tails or pawed the ground. In a moment more the herd took flight, and horse and rider are presently seen bursting in among them ; shots are heard, and all is smoke, dust and hurry. The fattest are first singled out for slaughter ; and in less time than we have occupied with the description, a thousand carcases strew the plain.

Those who have seen a squadron of horse dash into battle may imagine the scene. The earth seemed to tremble when the horses started; but when the animals fled, it was like the shock of an earthquake. The air was darkened; the rapid firing at first soon became more and more faint, and at last died away in the distance. Two hours, and all was over; but several hours more elapsed before the result was known, or the hunters reassembled; and who is he so devoid of feeling and curiosity that could not listen with interest to a detail of the perilous adventure?

The moment the animals take to flight, the best runners dart forward in advance. At this moment a good horse is invaluable to his owner; for out of the four hundred on this occasion, not above fifty got the first chance of the fat cows. A good horse and experienced rider will select and kill from ten to twelve animals at one heat, while inferior horses are contented with two or three; but much depends on the nature of the ground. On this occasion the surface was rocky and full of badger-holes. Twenty-three horses and riders were at one moment all sprawling on the ground; one horse, gored by a bull, was killed on the spot; two more disabled by the fall. One rider broke his shoulder-blade; another burst his gun, and lost three of his fingers by the accident; and a third was struck on the knee by an exhausted ball. These accidents will not be thought over numerous considering the result, for in the evening no less than 1375 tongues were brought into camp.

The rider of a good horse seldom fires till within three or four yards of his object, and never misses; and, what is admirable in point of training, the moment the shot is fired his steed springs on one side to avoid stumbling over the animal; whereas an awkward and shy horse will not approach within ten or fifteen yards, consequently the rider has often to fire at random, and not infrequently misses; many of them, however, will fire at double that distance, and make sure of every shot. The mouth is always full of balls; they load and fire at the gallop, and but seldom drop a mark, although some do, to designate the animal.

From Fort Garry, Kane took one of the Hudson's Bay Company's sloops to Norway House, where he joined the

brigade from York Factory to the interior. The brigade consisted of a number of York boats, twenty-eight feet long and very strongly built, carrying eighty or ninety packs of ninety pounds each, and worked by a crew of seven men, a steersman and six rowers. Their way lay through the upper end of Lake Winnipeg to Grand Rapids, thence through Cedar Lake and up the Saskatchewan to Fort Carlton, described by Kane as being at that period in constant danger from the Blackfeet, being feebly manned and fortified only with a number of blunderbusses on swivels mounted in the bastion. So helpless were the traders here that the Blackfeet frequently drove off their horses from the very walls of the fort without molestation.

From Fort Carlton, Kane continued his journey westward, travelling to Edmonton on horseback, stopping from time to time to take sketches of chiefs and warriors in all their finery, Indian camps, buffalo pounds, and the characteristic scenery of the Saskatchewan. Shortly after leaving Fort Pitt, he fell in with immense numbers of buffalo, and during the whole of three days' steady travelling, saw nothing but buffalo ' covering the plains as far as the eye could reach, and so numerous that at times they impeded his progress, filling the air with dust almost to suffocation.'

After a few days' rest at Edmonton, on October 6 Kane left for the mountains with a party of traders bound for the west side. They reached Jasper House, near the sources of the Athabaska, on November 3, and two days later started over the pass to Boat Encampment on the Columbia. They took a number of horses with them as far as the summit of the pass, and then, finding the snow too deep, sent them back and continued their journey on snow-shoes. From Boat Encampment, Kane descended the Columbia to Fort Vancouver, making the journey, a distance of twelve hundred miles, in fifteen days, and passing on the way the Dalles, Kettle Falls, Fort Colville, Grand Rapids and Fort Walla-Walla. He reached Fort Vancouver on December 8, where he was welcomed by the chief factor, James Douglas, afterwards governor of British Columbia.

Kane spent the winter and spring on the Pacific coast,

visiting trading posts and Indian villages on the Columbia and along the coast, and obtaining a large number of sketches of members of the different tribes, scenes of Indian life, and pictures illustrative of the fur trade. On July 1, 1847, he started on his long return journey to the east, travelling with the fur brigade. He reached Fort Edmonton early in December, and remained there for the winter, continuing his journey to the east in the following summer.

### Milton and Cheadle

In the years 1862-63, two members of the Royal Geographical Society, Viscount Milton and Dr Cheadle, made an overland journey from Quebec to British Columbia, with the object of discovering the most practicable route for a highway from the Atlantic to the Pacific through British territory. Landing at Quebec about the beginning of July, they travelled west by railway, steamboat and stage, by way of Chicago and St Paul, to Fort Garry. Here they engaged several half-breeds, completed their equipment, and set out across the prairie on August 23. A few days' easy travel, with nothing more exciting than a little duck-shooting, brought them to Fort Ellice on the Assiniboine; and on September 26 they reached Carlton House on the Saskatchewan.

Here they learned that buffalo were within a day or two's journey of the fort, and a few days were spent in the exciting sport of buffalo-running. One of the men got lost, and was brought back to camp by a party of friendly Crees, whose chief, however, took advantage of the occasion to protest in the following words against the invasion of their hunting-grounds:

> I and my brother have been much troubled by the reports we have heard from the company's men, who tell us that numbers of white men will shortly visit this country, and that we must beware of them. Tell me why you come here? In your own land you are, I know, great chiefs. You have abundance of blankets, tea and salt, tobacco and rum. You have splendid guns, and

> powder and shot as much as you desire. But there is one thing that you lack—you have no buffalo, and you come here to seek them. I am a great chief also. But the Great Spirit has not dealt with us alike. You he has endowed with various riches, while to me he has given the buffalo alone. Why should you visit this country to destroy the only good thing I possess, simply for your own pleasure ?

Milton and Cheadle felt that the Indians had so much the best of the argument that the wisest plan was to put their reply in the shape of a handsome present of knives, ammunition, tea, salt and tobacco ; and they parted in good humour, although the Crees expressed some doubt as to the actual greatness of white men who had no rum.

As it was too late in the season to continue their journey through the mountains, the travellers had decided to winter at La Belle Prairie, among the Wood Crees, about seventy miles north-west of Carlton. Here they built a log house, and settled down to wait patiently for the advent of spring, the monotony of the experience being broken by hunting excursions into the surrounding country, with an occasional visit from the Wood Crees, to whose honesty and general good disposition the travellers pay a warm tribute. One of them had visited the house during the absence of Milton and Cheadle. He had tasted no food for two days. Lighting a fire, he melted some snow in the kettle, and waited for a long time in the hope that the white men might return. Finally he went away, without touching the pemmican that lay upon the table ready to his hand. It is doubtful if even the most conscientious white man would have been proof against such a temptation.

Early in April 1863 Milton and Cheadle left their winter quarters and set out for the mountains. Their first stopping-place was Fort Pitt, on the north bank of the North Saskatchewan, which they reached on the 20th of the month. Here they found a large party of Crees encamped, and another of Blackfeet, these two tribes having patched up a temporary peace. Continuing their way up the Saskatchewan, on May 14 they arrived at Fort Edmonton, where

they had the pleasure of meeting Père Lacombe, the missionary to the Crees, and several officers of the Hudson's Bay Company.

After a few days' rest at Edmonton, they set out for the Yellowhead Pass, having determined to take this route through the mountains, in spite of the warning of the Hudson's Bay men that it would be found exceedingly difficult travelling, especially for such a small party, most of whom had no experience in mountain work. The journey indeed proved eventful enough, a very chapter of accidents, in which dangerous rapids and grizzly bears rubbed shoulders with bush fires and starvation. In the end, however, Milton and Cheadle with their men managed to force their way through the pass and the scarcely less difficult country on the western side of the mountains.

A fortnight or so after leaving Edmonton they reached the banks of the Athabaska, flowing in a deep channel between banks two hundred feet in height, thickly clothed with pine, spruce and poplar. Here they had their first view of the mountains, a glorious and exhilarating prospect.

> Ranges of pine-clad hills, running nearly north and south, rise in higher and higher succession towards the west, and in the further distance we could see parallel to them a range of rugged, rocky peaks, backed by the snow-clad summits of some giants which towered up beyond. The snow which crowned the loftier peaks, and still lingered in the hollows of the lower hills, glittered in the brilliant sunlight through the soft blue haze which mellowed the scene, and brought the far-distant mountains seemingly close before us. A cleft in the ridges, cut clean as if with a knife, showed us what we supposed to be the opening of the gorge through which we were to pass. The singular rock on the left or eastern side of this gateway, somewhat like the half of a sponge-cake cut vertically, we knew must be one of which we had heard as La Roche à Myette, close to Jasper House.

Following the river valley, sometimes through heavy timber, sometimes through marshes and boggy ground, sometimes through beautiful park-like oases, they reached Jasper House about the end of June. Jasper House, situated at the very foot of the Rocky Mountains, consisted of ' a neat

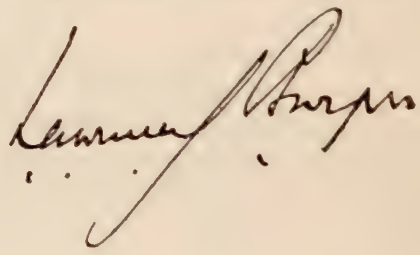
white building, surrounded by a low palisade, standing in a perfect garden of wild flowers, which form a rich sheet of varied and brilliant colours, backed by dark green pines which clustered thickly round the bases of the hills.' A few days' heavy travel up the valley of the Athabaska brought them to 'a beautiful little prairie, surrounded by pine hills green almost to their summits, and overtopped by lofty snow-clad peaks.' One of these peaks was known as the Priest's Rock. On the prairie, almost hidden under the carpet of wild flowers, was all that remained of old Rocky Mountain House.

Ascending the Myette to the height of land, which they reached five days after leaving Jasper House, they began the descent on the Pacific side of the pass, and on July 10 reached the banks of the Fraser River. From here a journey full of vicissitudes brought them finally to Kamloops and civilization once more.

From what they had seen of the Yellowhead Pass, Milton and Cheadle had no hesitation in recommending it as the most practicable for the purpose of a line of communication through the mountains from east to west. The grade they described as remarkably easy, and presenting no serious engineering problems; the pass had the advantage of being more remote from the international boundary than any of those farther south; and the approaches on either side were more favourable. To these arguments, which are still applicable, Milton and Cheadle added others that may now be regarded as obsolete; that is, that the route to the Yellowhead Pass would be through the country of peaceable and friendly Indians, while those farther south would be through the territory of the implacable Blackfeet; and that the Yellowhead Pass would afford the most direct road to the Cariboo gold-fields. They submitted the interesting testimony of Dr Rae, who went out in the spring of 1864 to discover the most suitable route for a telegraph line. The Hudson's Bay Company proposed to carry the line across the continent, and decided in favour of the Yellowhead, which Rae surveyed as far as Tête Jaune Cache.

The history of north-western exploration has now been

traced down to the opening of the Confederation period. The work accomplished during the quarter-century between 1840 and 1867 covered an enormous field, ranging from the Great Lakes to the Pacific, and from the international boundary to the Arctic islands. As already stated, this period saw the completion of the exploration of the northern coast of the continent, the obtaining of much valuable information as to the character and extent of the Arctic islands, and the filling up of many vacant spaces on the map of the interior. From Confederation onward the work of exploration in North-Western Canada was to be almost entirely accomplished by the capable, untiring and modest officers of the Canadian Geological Survey, whose labours have left very few blank spaces throughout the huge territories of the Dominion to tempt the ambition of independent explorers.



# INDIAN AFFAIRS

## 1840-1867

# INDIAN AFFAIRS, 1840-1867

THE first division of this subject dealt with the military administration of the Indian department. In this section are traced the efforts which were made to civilize, educate and christianize the Indians, the trend of government policy and the activity and development of the Indian department during the period of United Canada. It was in this province, and principally in Upper Canada, that the greatest interest in Indian affairs was manifested and the greatest advancement made; but Indian affairs in the Maritime Provinces of the crown have also to be dealt with, and it is deemed best to make provincial divisions. The subject will therefore be treated under the general headings of the Province of Canada, Nova Scotia, Prince Edward Island and New Brunswick.

## I

## THE PROVINCE OF CANADA

### Organized Effort

REFERENCE will be made to correspondence which occurred some years before the Province of Canada was formed, for all mention of the advanced policy of the government was reserved for this section, although Sir John Colborne, who advised the government to change the aim of the Indian department from *laisser-faire* to organized effort, was appointed lieutenant-governor of Upper Canada in 1828. As is frequently the case, the interest of the authorities was attracted and stimulated by the success of private undertakings. It was undoubtedly the results which had followed the endeavour of Peter Jones and his brother,

humble adherents of the Wesleyan Methodist connection, to raise the Mississagas from their condition of wretchedness, which led to the adoption by the government of a progressive policy for all the Indians under its charge. Since Sir John Colborne drew the attention of Sir James Kempt to the success of this private endeavour, there has never been a lapse in the paternal care and oversight of the Indians. He said in his letter of May 7, 1829 :

> A very beneficial change has been produced among the Indians along the River Credit. If the order and regularity which has been established among them can be extended to the other tribes in this Province and a fund created for their future support, by authorizing their lands to be leased, and in some cases to be sold, the system which has involved H.M. Government in an enormous expense may be discontinued.

The Indians of Lower Canada were not in such a desperate state as to require the special attention of the government. They had been for a long time in contact with civilization ; the period of exhaustion which every native race must endure at some time in its history had been passed, and they had rallied. In 1842 there were about 3727 known to the government, which number did not, of course, include the hunting Indians of the northern interior. This population was scattered between the seven permanent settlements, ministered to by priests of the Roman Catholic Church, cultivating small farms and gardens, and living in houses in a certain degree of comfort. The contrast is great between the description of the untilled domain of the western Indians and the state of squalor and debauchery in which they lived, and that of the condition of the Caughnawaga Indians, with their two thousand acres of cultivated lands, their stone houses and barns. Although members of the reserves had been educated, no general effort to establish schools had been made, and the instruction of their spiritual advisers tended altogether towards their moral welfare. In some respects, at least, Upper Canada might have taken heart from the results obtained in the lower province. But an effort nearer home led to the emulation of its success.

The village upon which the future settlements in Upper Canada were to be modelled was situated on the Credit River. In about four years the Mississaga Indians are said to have changed from a wandering and dissolute band to a contented and progressive community. Two hundred people were in residence ; twenty-seven houses had been built, with a church and a house for the missionary ; cattle and horses had been acquired. The expenditure had been made from their own funds, for the land surrendered by the Mississagas had been sold at an early date, and the proceeds had been wisely invested by the government in these improvements. Under the influence of this colonizing experiment, and urged by the strong recommendation of Sir John Colborne, Governor Kempt reported that the most effectual means of ameliorating the condition of the Indians, of promoting their religious improvement and education, and of eventually relieving His Majesty's government from the expenditure of the Indian department were :

> 1st. To collect the Indians in considerable numbers, and settle them in villages with a due portion of land for their cultivation and support.
>
> 2nd. To make such provision for their religious improvement, education, and instruction in husbandry as circumstances may from time to time require.
>
> 3rd. To afford them such assistance in building their houses ; rations ; and in procuring such seed and agricultural implements as may be necessary, commuting when practicable a portion of their presents for the latter.

These suggestions were approved by the Lords of the Treasury and the secretary of state, but the whole expense of the Indian department was not to exceed £20,000. As this sum was to include the cost of the presents and the pay of the officials, very little was left for the contemplated innovations in management. Sir John Colborne, however, continued his agitation for a progressive policy, and obtained leave to apply a portion of the annuities to the erection of houses, the purchase of agricultural implements and stock. Settlements were speedily formed at Coldwater and the

Narrows of Lake Simcoe, on the River Thames, and on Lake St Clair. Houses were built, schools established, and competent farmers appointed as instructors, the whole cost being defrayed from the surplus of the imperial grant and the annuities of the Indians. The results, as reported a few years later by the superintendents, were gratifying ; wigwams had been exchanged for log-houses, and cultivated fields surrounded them. The dress, demeanour and habits of many of the Indians showed how successful had been the efforts to raise them from their state of squalor, dejectedness and intemperance.

The success of these establishments led Sir John Colborne to undertake the settlement on Manitoulin Island of the more uncivilized Indians who roved in the Lake Huron district, and others who were without a fixed habitat. In July 1829 he had sent a verbal message, by Lieutenant-Colonel Mackay, to the tribes who had assembled to receive their present at the Island of St Joseph :

> Children,
>
> I thank the Great Master of Life for having permitted you to meet, after the dreary cold season, and to hear what your Great Father proposes for your future happiness.
>
> Children,
>
> It is the wish of your Great Father that all his red children should become civilized ; and for this purpose he has named a place near Penetanguishene, to settle all those who wish for the change. He will furnish a few of each tribe with cattle, farming implements, and materials to assist in building them houses ; and for the young he will provide a school, with teachers, and a minister ; and also mechanics, to instruct them in habits of industry.
>
> Children,
>
> I am aware that you cannot all change your present mode of life immediately, but some of you have it in your power, and others will, in a short time, find it to their interest to join the settlement. You are all, without exception, invited. The Ottawas have a large island (the Great Maniyon), near Penetanguishene, on which the land is good, and where there is abundance

of fish. Should they wish to join the new settlement, their Father would be happy to hear of their occupying and settling themselves on it.

This was one of the last occasions on which intoxicants were issued to Indians by a government officer. An old Minominie chief made the request in the following words: 'I have only one word more to say; it is to request that you will give a suit to an old woman, and a little of your milk' [rum] 'to do away with the parching of our throats.' Colonel Mackay replied:

> Children,
>
> I will do all in my power to supply your different demands for guns, kettles [etc. etc.]; and although your Great Father does not wish to give you anything that is injurious to you—still, because you so earnestly desire it, I will give to those who ask for it a few drops [gallons] of milk.

In 1830, and for several following years, the presents were given to the western tribes at Penetanguishene, and thus annually they came into contact with the new settlers at Coldwater and the Narrows. It was not until 1836 that the establishment at Manitowaning, on Manitoulin Island, was begun; but Sir John Colborne only directed the preliminaries, for the superintendent did not take up his headquarters on the island till 1838, and it was only in the following years that the two villages of Wikwemikong and Manitowaning were developed and supported by the government.

While these proposed arrangements were being carried out, Lord Glenelg was inditing his dispatch of January 14, 1836, which was addressed to the Earl of Gosford and to Sir Francis Bond Head, who had succeeded Sir John Colborne in Upper Canada. It was based upon a resolution of a parliamentary committee on military expenditure adopted during the previous session, which expressed the opinion that the presents to Indians could be abolished and commuted, and the expenses of the department greatly reduced. The dispatch called for information and advice upon these points, and witnesses to the humane consideration which the imperial government always gave to matters affecting the aborigines.

The governors were advised to direct their inquiry to the 'practicability of effecting a commutation of the Presents for some object of permanent Benefit and Utility to the Parties now receiving them.' It was stated :

> From the Reports in this Department it appears, that not only among the more civilized and settled Tribes, but even among those inhabiting the remote Districts of Canada, a strong Desire for Knowledge has recently been evinced. In Upper Canada Schools have been established by Societies and by private Individuals, and are said to be well attended. These circumstances, combined with the general Docility of the Indian Tribes, lead me to hope that a Scheme of a more general Nature would not fail of ultimate Success. I cannot, of course, pretend to enter into the Details of such a Scheme ; it is sufficient for me to impress upon you the Readiness and the Anxiety of His Majesty's Government to co-operate to the utmost of their Power in its Promotion.

The government was prepared to sanction the expenditure upon education of at least a portion of the funds appropriated for presents. Head took the earliest opportunity of making himself personally acquainted with the conditions under which the Indians were living, and the summer of 1836 was occupied in an inspectorial tour of the province. He attended the annual distribution of presents at Amherstburg and the first distribution at Manitoulin Island. To use his own words, he 'visited with one or two trifling exceptions the whole of the Indian settlement in Upper Canada, and in doing so made it my Duty to enter every Shanty or Cottage, being desirous to judge with my own Eyes the actual Situation of that Portion of the Indian Population which is undergoing the Operation of being civilized.' His visit to Manitoulin Island was an important one. He endeavoured at this, his first opportunity, to put in practice the opinions he had formed during the earlier part of his tour, but which he had not yet communicated to Lord Glenelg. His policy, as will appear later, was to remove the Indians from contact with civilization ; and, to prepare a home for them, he obtained from the Chippewas and the Ottawas a surrender of

Manitoulin Island and the twenty-three thousand islands in Georgian Bay, and from the Chippewas of Saugeen a surrender to the crown of a million and a half acres adjoining the land of the Canada Company, without one penny of compensation! This hasty injustice was afterwards repaired by granting by order-in-council a perpetual annuity to the Saugeen Indians of £2, 10s. per capita. Perhaps the result achieved by Head was obtained through the peculiar gifts of the Indian chief who spoke for his fellows on this occasion. He was Sigonah (the blackbird), 'celebrated among them for having on many public occasions spoken without once stopping from Sunrise to Sunset.'

In his reply to Lord Glenelg's dispatch of January 14, 1836, Head fully explained his views on the Indian question. He found it necessary to refute the idea that the efforts to christianize and civilize the Indians had been successful. He reduced his opinions to three propositions:

> 1. That an Attempt to make Farmers of the Red Men had been, generally speaking, a complete Failure;
> 2. That congregating them for the Purpose of Civilization has implanted many more Vices than it has eradicated; and, consequently,
> 3. That the greatest Kindness we can perform toward these intelligent, simple-minded People, is to remove and fortify them as much as possible from all communication with the Whites.

In flamboyant language he drew a picture of the relations between the two races, which must be quoted in his own words:

> The Fate of the Red Inhabitants of America, the real Proprietors of its Soil, is, without any Exception, the most sinful Story recorded in the History of the Human Race; and when one reflects upon the Anguish they have suffered from our Hands, and the Cruelties and Injustice they have endured, the Mind, accustomed to its own Vices, is lost in utter Astonishment at finding, that in the Red Man's Heart there exists no Sentiment of Animosity against us, no Feeling of Revenge; on the contrary, that our Appearance at the Humble Portal of his Wigwam is to this Hour a subject of unusual

Joy ; if the White Man be lost in the Forest, his cry of Distress will call the most eager Hunter from his Game ; and among the Tribe there is not only Pleasure but Pride in contending with each other who shall be the first to render Assistance and Food.

So long as we were obtaining Possession of their Country by open Violence, the fatal Result of the unequal Contest was but too easily understood ; but now that we have succeeded in exterminating their Race from vast Regions of Land, where nothing in the present Day remains of the poor Indian but the unnoticed Bones of his Ancestors, it seems inexplicable how it should happen, that even where the Race barely lingers in existence, it should still continue to wither, droop, and vanish before us like Grass in the Progress of the Forest in Flames. 'The Red Men,' lately exclaimed a celebrated Miami Cacique, 'are melting like Snow before the Sun.'

Whenever and Wherever the Two Races come into contact with each other it is sure to prove fatal to the Red Man. However bravely for a short Time he may resist our Bayonets and our Firearms, sooner or later he is called upon by Death to submit to his Decree ; if we stretch forth the Hand of Friendship, the liquid Fire it offers him to drink proves still more destructive than our Wrath ; and lastly, if we attempt to christianize the Indians, and for that sacred Object congregate them in Villages of substantial Log-houses, lovely and beautiful as such a Theory appears, it is an undeniable Fact, to which unhesitatingly I add my humble Testimony, that as soon as the Hunting Season commences, the Men (from warm Clothes and warm housing having lost their Hardihood) perish, or rather rot, in Numbers, by Consumption ; while as regards their Women, it is impossible for any accurate Observer to refrain from remarking that Civilization, in spite of the pure, honest, and unremitting Zeal of our Missionaries, by some accursed Process has blanched their Babies Faces. In short, our Philanthropy, like our Friendship, has failed in its Professions ; producing Deaths by Consumption, it has more than decimated its Followers ; and under the pretence of eradicating from the Female Heart the Errors of a Pagan's Creed, it has implanted in their Stead the Germs of Christian Guilt.

This high-flown strain is contradicted when, in a further sentence, we are informed that ' there can be no Doubt that to the present page in the History of the British Empire we have acted well toward the Indian.' But the phrasing of the memorandum, the reasoning upon which it was based and the action which was proposed to be taken, are highly characteristic of the man. He reported surrenders of land obtained from the Hurons of Amherstburg and the Moravian Indians, and stated his opinion that the government ' should continue to advise the few remaining Indians who are lingering in Upper Canada to retire upon the Manitoulin and other islands in Lake Huron or elsewhere towards the northwest.' His conclusions were reluctantly adopted by Lord Glenelg and the government. The former had enlightened views on the Indian question ; he was humane and philanthropic ; but on this occasion his lack of firmness, which was often evident in dealing with colonial affairs, led him into error. Influenced by showy rhetoric alone, he approved a scheme which was contrary to his convictions.

If Sir Francis Bond Head had remained in Upper Canada, the effort, foredoomed to failure by the nature of the Indians, whose attachment to ancestral localities is strong and constant, might have been prosecuted. Fortunately the attempt to uproot them from their own haunts was abandoned. The civil condition of the province diverted the lieutenant-governor's attention from the less important concerns of the Indians, and, after the Rebellion, he left the country in the spring of 1838. Meanwhile the true friends of the Indians had not failed to protest against his hasty policy and inconclusive arrangements. The Aborigines Protection Society, the Wesleyan Missionary Society, the Church of the United Brethren approached the government with powerful arguments. A memorial was presented signed by nearly two hundred persons of influence ; among the names, those of Daniel O'Connell and of three other members of parliament are prominent. These representations, acting upon the sympathies of Lord Glenelg, who had never cordially adopted Head's advice, were efficacious. On August 22, 1838, he indited two dispatches, one to Lord

Durham, the other to Sir George Arthur, who had succeeded Head in Upper Canada. There are some general remarks scattered through the communications to Lord Durham that are worthy of comment: 'Among the various matters which demand your attention, although there are some of more immediate exigency as to our Political Relations in North America, yet there is not one of graver importance in itself or involving Obligations of a deeper or more enduring Character.' Again contrasting the real condition of the Indians with the ultimate aim of their well-wishers, he writes: 'The Interval is wide, indeed, between this Condition and one of Comfort, of moral and religious Improvement, of prosperous Independence, and of the Capacity to enjoy and appreciate the Rights of free British Subjects. Yet it is to this latter Condition that it is our Duty and ought to be our Endeavour to conduct this unhappy Race; and I cannot but hope that you may be enabled to set in progress a System which may finally produce such a Result.'

In the communication to Sir George Arthur, also, Lord Glenelg finds himself back on his old safe ground after the temporary deviation produced by Head, and he advocates anew the policy of education and advancement. The dispatch lays emphasis upon the lack of detailed information regarding the Indians of Upper Canada, and requests the governor to supply this defect. Out of this instruction came the succession of reports upon the Indians of Upper Canada prepared by commissioners appointed to investigate their condition and prospects. Sir George Arthur at once entrusted the work to R. G. Tucker, the provincial secretary, but the report was completed by Chief Justice Macaulay. The investigation committee, appointed in October 1839 to investigate the business of the departments of government, adopted, on February 1, 1840, the report of committee No. 4 relating to the Indian department. Closely following this, after the Union, the royal commission was issued appointing Messrs Rawson, Davidson and Hepburn on October 10, 1842, and eight years later, on September 5, 1850, Sir Edmund Head signed the commission appointing A. T. Pennefather, superintendent-general of Indian Affairs, Froome Talfourd

and Thomas Worthington. In the reports of these two important commissions are to be found records of progress and suggestions which either became law afterwards or were incorporated in the practice of the Indian department.

A question of prime importance to the government and the Indians, and one under constant debate from the close of the War of 1812, was that of presents. The government was desirous of curtailing an issue which was the source of great expense. The Indians and many of their friends were clamorous for its retention as a vested right.

The English found that the issue of presents had been established in Canada by the French, so that no new policy could have been inaugurated in that colony, even if the burden had not already existed in New England and the West. It was firmly fixed, and the one ever-present labour of the superintendent-general was to convince the home government that the large levy for gifts was really in the interest of the crown. To quote from an old report, 'the presents furnished the Indians and every member of his family with a complete suit of clothing. His food consisted of the game which he killed with the gun and ammunition supplied to him by the Government; of the fish which abound in the lakes and rivers, caught with the net and hooks supplied from the same service.' The earlier issues consisted of ornaments such as arm-bands, brooches, ear-bobs, gorgets; of articles such as kettles, clasp-knives, looking-glasses and thimbles; in addition to the more useful merchandise, cloths now unknown, molton, ratteen and caddies; blankets and Irish linen; shoes and ivory box combs; tobacco, ball and gun flints.

The cost of the presents during the Revolutionary War and during the first decade of the nineteenth century must have been enormous. The annual expenditure for the three years between January 1813 and June 1816, was £150,000 sterling. After the liberality of the issue had been somewhat restrained and its abuses abated, the average annual cost between 1836 and 1843 was $45,348 to an average population of about thirteen thousand. In 1830 the total expense of the Indian department was fixed at £20,000, £15,850

being appropriated for the presents and £4150 for the pay and pensions of the officers. While criticism of the cost was always used in urging the abolition of these presents, the chief objection to their continuance lay in their effect upon the Indians. They encouraged their natural indolence and improvidence ; kept them a distinct people ; fostered their natural pride and consequent aversion to labour ; and created an undue feeling of dependence upon the crown. The formalities or festivities which accompanied the distribution tended also to degrade the nations and to keep alive their old customs. The chief superintendent was usually accompanied by a party of visitors, and on these occasions the pride and superstition of the Indians was fostered in direct opposition to the policy of the government. Transportation was furnished these guests, and from thirty to forty Indians were required to man the canoes, sometimes six in number. Moreover, many of the articles issued fell into the hands of unscrupulous traders, who obtained them by payment in rum and other intoxicating liquors. These facts led the government to resolve upon a gradual diminution of the presents until the issue should entirely cease.

Numbers of Indians who were resident in the United States came long distances to share in the distribution, which they had enjoyed from the days before the boundary was settled, and in 1841 the superintendents were advised that after 1843 the issue to the Indians not actually resident in Canada should cease.

The commissioners of 1842, before whom the question came, made valuable suggestions, which were for the most part carried into effect. A gradual reduction in the quantities of the supplies, a less varied list of articles issued, and an effort to commute the presents for useful implements and tools, were some of their recommendations. They also advised that an accurate census should be taken of all Indians resident in the province, and that no child born after the census should have a claim for presents—that all half-breeds should be excluded from the bounty as well as children educated in the industrial schools and elsewhere. These measures were to go hand in hand with the general scheme

for the education of the Indians and the amelioration of their condition. The government carried out these needed reforms. Guns and ammunition were withheld in 1845 and 1846, and no Indian born after the latter date was allowed to share in presents of any kind.

In 1852 the issue in Upper Canada ceased entirely, and was commuted to a money payment beginning with three-fourths the value of the several equipments and diminishing one-fourth until final extinction. The commutation was not to be carried out in Lower Canada until 1854. This action on the part of the imperial government did not pass without protest from the government of Canada, which presented strong arguments in favour of the old custom as a right to which the crown stood pledged. But the plea was without avail; the home government considered the issue to be based upon grounds of policy alone, and only ceded the purchase of blankets for the aged and infirm and provisions of gunpowder for the tribes that lived by the chase. The latter grants were continued until 1867, when the Dominion of Canada took over the duty of supplying the issue.

Later we shall find the issue of presents reappearing in an altered but more beneficent form in the treaties which were made with the Indians of the western provinces of Canada, where the gifts of powder, shot and twine to the hunting Indians were supplemented by agricultural implements, seed and cattle to those who would till the soil.

Another subject of grave importance to the Indians was the question of their reserved lands. In 1842 the commissioners found that, although certain tracts of land were generally accepted by the government and the people as Indian reserves, they were not registered in the land office as such, and that no title in reality existed, an uncertainty which caused unrest among the Indians and made it difficult to induce them to cultivate their lands or reside permanently upon them. The recommendations of the commissioners led to a general registry of all Indian reserves, and to the grant of location tickets of occupancy to individual Indians within the reserves. The latter system is still in vogue, and gives the holder a sense of proprietorship which is as real as a title

in fee-simple, with the one prohibition of sale to other than a member of the band.

Defects in the management of the Indian estate were found by the commissioners of 1842 to be serious and reprehensible. The lands were sold by the commissioner of Crown Lands, and the proceeds, less expenses, were handed over to the chief superintendent of Indian Affairs. But neither of these officers kept any account of the sales which would show the amount accruing to each tribe. The Six Nations alone had a separate account. It was with extreme difficulty, and not with complete success, that the commissioners succeeded in drawing up accounts for the different tribes.

The cost of management had been excessive, and the method employed to levy it upon the tribes had been unfair. The whole cost of the Crown Lands department was charged : fifty per cent to the crown lands, forty per cent to the clergy reserves, and ten per cent to the Indian lands. Five per cent was also allowed to the agents, and the full cost of the surveys and inspections debited to the Indians. These abuses, coupled with the general absence of business methods, caused the land management to be charged with general inefficiency.

The actual investment of the capital accruing from the sale of Indian lands was in the hands of the receiver-general, who purchased provincial debentures usually bearing interest at six per cent. It is a matter for congratulation that so little loss occurred from improvident investments. During a time when the path of a trustee was not so straightly cut out as it now is, and when the governor was a law unto himself, the only funds which became involved and were finally lost were those invested for the Six Nations in the Grand River Navigation Company's enterprise and in the Cayuga Bridge stock.

Acting on the chief superintendent's advice, the commissioners did not recommend that the Indian department should manage the land sales, and become responsible for all the Indian business. In the end the Crown Lands department took over the Indians as a branch of their main business, but the practical suggestions made by the commissioners were adopted, and removed the blame which the

former management had occasioned. Reforms were also needed in the protection of the unsold lands, which were open to constant peril from the unscrupulous whites, who plundered the timber and squatted upon the richest of them. A vigorous inspection of the actual conditions existing was undertaken, and the reserves were gradually policed and cleared of objectionable intruders.

The government continued to pursue the well-established policy for the cession of Indian lands, and the forms and ceremonies by which surrenders were made became more imposing as the lands to be surrendered were of greater extent, and the number of Indians to be influenced larger. The later surrenders were dignified by the name of treaties; the stipulations became more elaborate; the entourage of the representatives of the government became more impressive; and the number of attendant chiefs with their followers more numerous.

The earliest treaty which fixed the type, as distinguished from a mere surrender, was that made on July 18, 1817, between the Earl of Selkirk and the Indians of the Red River. This secured the peaceable possession of the country purchased from the Hudson's Bay Company by Selkirk in 1811. Although not permanent, it is interesting as the first treaty made with any of the western tribes. The land ceded was a large portion of what is now the Province of Manitoba. With the disappearance of Lord Selkirk's interest in the territory, the consideration, which was two hundred pounds of 'good and merchantable tobacco,' ceased to be paid. The cession was to the king, but in 1871 a more binding treaty, made by the crown with the Indians, conveyed to the crown title to the same region.

The most important treaty negotiation by the Province of Canada was that by which the Indians ceded to the crown the large area between the northern shores of Lakes Huron and Superior and the watershed of Hudson Bay. Minerals had been discovered in this district, and the Indians had molested certain mining property and had shown hostility to prospectors. The government therefore deemed it advisable to placate the Indians, and commissioned the Hon.

William B. Robinson to arrange for the cession. The Indians assembled at Sault Ste Marie in large numbers with their chiefs and councillors, and after deliberation consented to the terms offered by the government. The treaty with the Ojibwas of Lake Superior was signed on September 7, 1850, and that with the Ojibwas of Lake Huron two days later. The sum of £200 was paid down to each division, and a perpetual annuity provided of £500 to the Indians of Lake Superior and £600 to the Indians of Lake Huron. Each treaty contained the unusual provision that 'in case the territory hereby ceded by the parties of the second part shall at any future period produce an amount which will enable the Government of this Province without incurring loss to increase the annuity hereby secured to them, then, and in that case, the same shall be augmented from time to time, provided that the amount paid to each individual shall not exceed the sum of one pound provincial currency in any one year, or such further sum as Her Majesty may be graciously pleased to order.' In 1873 the Dominion government under this stipulation increased the annuity to four dollars per head, and the annuity now stands at that amount; afterwards, as the result of arbitration, the Dominion Treasury was recouped, in part, by payment from the province.

Land was specially described and set apart as reserves for the Indians, not, as in future treaties, by a per capita allotment, but in irregular blocks to suit the needs of the separate bands under their local conditions.

The only other important agreement with Indians during this period was the treaty negotiated by the Hon. William McDougall for the sale of that portion of Manitoulin Island west of Heywood Sound and the Manitoulin Gulf. This land was to be sold and the interest on the purchase paid annually to the Indians; seven hundred dollars was also distributed at the time of the treaty, which was agreed to on October 6, 1862.

## Education

As the education of Indian youth was esteemed the most potent force in the civilization of the race, it is interesting to

glance at the early attempts to establish schools and the results that followed. In Lower Canada in 1829 there was one schoolmaster at Lorette, and five missionaries were established in the principal villages throughout the province. In 1844 the numbers were the same, although, in the interval, three or four schools had been opened and afterwards closed. In 1829, at Châteauguay, the Protestants became interested in the education of the Indians, and perhaps in their conversion also. Twelve boys brought from different villages were there educated by Charles Forest and given manual training. This experiment appeared so successful that Lord Gosford sanctioned the establishment of an agricultural school and experimental farm at Christieville, near St Johns, for the education of Indian youth, and the children were transferred there from Châteauguay. Major Plenderleath Christie, who suggested the arrangement, made considerable gifts to promote the institution, which was the first of its kind ever recognized and supported by the government. It remained open for but a few years, as it had to contend with opposition, and no similar institution has been established or now exists in the province. The children, orphans and others, who now need the protection of a boarding-school, are either sent to Wikwemikong Industrial School or placed in convents. Major Christie was earnest in his advocacy of agricultural schools, and in 1842 offered the government a farm near Cornwall worth £700 for the establishment of an institution in Upper Canada. The priests in charge of the seminary at the Lake of Two Mountains conducted a model farm, and stimulated active interest in agriculture on the part of the Indian youth.

In Upper Canada the earliest missionaries and the first schools were under the supervision of the Society for the Propagation of the Gospel in Foreign Parts. They had catechists and schoolmasters appointed very early in the Bay of Quinte district and at the Grand River, but they yielded the field to the well-directed efforts of the New England Company. This company was created by an act or ordinance of the Long Parliament passed in 1649 and entitled 'A Corporation for the promoting and propagating the Gospel

of Jesus Christ in New England.' The ordinance enacted that it be a corporation consisting of sixteen persons—president, treasurer and fourteen assistants—to have the power to purchase or acquire lands not to exceed the yearly value of £2000, ' and any goods and sums of money whatsoever.'

The corporation was conducted for some time under this ordinance of the Long Parliament, but after the Restoration, certain difficulties having been met with in the administration of properties previously acquired, a charter of incorporation was granted by Charles II on February 7, 1662. The company still conducts its operations under this charter, and the distribution of its invested funds has assisted materially in the education and development of the Six Nations Indians. Up to the year 1834 the whole of the clear rents and profits of the company's trust estates and funds were regularly and faithfully applied for the benefit of several hundred of the natives and their children in Upper Canada and New Brunswick. The general scheme followed in New Brunswick was the maintenance of thirty-five Indian children in English families. General supervision was exercised by General Coffin with the assistance of religious instructors and schoolmasters. This plan, however, was found not to be feasible and was gradually abandoned.

Assistance by way of grant was also given to education in the district of Rupert's Land and in British Columbia at Cowichan, Vancouver Island, and at Lytton, where there is still an industrial school under the supervision of the company; but the most productive work was performed in Upper Canada at Rice and Mud Lakes and at the Six Nations Reserve, the latter place absorbing most of the funds and attention of the company. Day schools, missionaries, and an institution for the instruction of pupils in residence, which is still in a flourishing condition, were the factors which have contributed very largely to the present advanced position of the Six Nations Indians.

The missionary efforts of the Wesleyan Methodists were also of importance, and were the subject of generous praise from the Anglican Bishop of Quebec, who wrote to Sir James Kempt in 1829 ·

> The Methodist Society support several schools among the Indians of U. C. and their preachers minister to them in several parts of the country. They have been successful in converting a great portion of the Mississaga tribe from Heathen ignorance and immoral habits to Christian faith and practice, and their improvement has been so great and rapid within these few years that the hand of God seems to be visible in it, and it must be acknowledged that they have done much in the work of civilization.

The following day-schools, conducted by the Wesleyan Methodists, were in operation in 1829, with 251 scholars in attendance: Grand River, Davisville; Grand River, Salt Springs; River Credit; Girls' and Boys' School, Grape Island; Rice Lake· Lake Simcoe, Island; Lake Simcoe, Holland Landing; Muncey Town; and Malden, River Canard.

The missionaries who were interested in them came from the State of New York, and as their loyalty was somewhat doubtful, particularly their loyalty to the Established Church, Sir James Kempt advocated sending 'Wesleyan Missionaries from England for the purpose of counteracting the antipathy to the Established Church and other objectionable principles which the Methodist Missionaries from the United States are supposed to instil into the minds of their Indian converts.'

The Rev. William Case kept a school on Grape Island, six miles from Belleville, for ten years, and after 1838 at Alnwick, where twelve children were educated, clothed and boarded at the expense of the British Wesleyan Conference. This school developed into the industrial school at Alderville, and the Mount Elgin Institute was founded by the same society. To establish and maintain these schools, the Indians consented to set apart one quarter of the amount received in commutation of their annual distribution of ammunition. This contribution began in 1848 and ended on June 30, 1862. At that time the annual payment of $6879.75 had served to meet the expenses of conducting the schools, and there remained $36,208.74. This is evidence of the liberality of

the Indians of Upper Canada in the cause of education. Whenever the funds of a band have been adequate, a fair proportion has always been set apart for the support of schools. The school at Alderville, in the county of Northumberland, was erected in 1848, and the Mount Elgin Institute in 1851. The Alderville buildings were destroyed by fire in 1861 and were not rebuilt, but the Mount Elgin Institute still survives, after a useful career of sixty years. Both institutions were supported by an annual per capita grant for each pupil in attendance, a method of finance which was later extended to the western schools. The actual cost of maintaining the school at Christieville in 1842 was £18 for each child, and at the Mount Elgin Institute £20 for each child.

The scheme for civilizing the Chippewas and Ottawas of Lake Huron at Manitowaning, to which reference has been previously made when dealing with the recommendation of Sir John Colborne, had proved a failure. It was the first governmental attempt to improve the condition of the Indians by direct instruction given to the whole community. In 1844 the staff of instructors consisted of a carpenter, a blacksmith, a mason, a cooper, a charcoal burner, a shoemaker and five labourers. The settlement was seemingly in a flourishing condition ; houses and workshops had been built, and a church and schools. In 1856 all signs of progress had vanished. The commissioners of that year found the workshops in a state of decay, destitute of tools, and deserted by the instructors and the Indians. The school-house was in ruins, and a few scholars were gathered in the teacher's house. Various reasons were assigned by apologists for the failure when contrasting it with the gratifying success at the settlement at Wikwemikong, but no one reason is alone sufficient. The formal village, with its automatic subsidized labour and its regular and monotonous tasks, had been repellent to the Indian, who was invited to freedom by the open lake. The experiment was not repeated until the modern policy of instruction in farming was instituted by the government of the Dominion, and spread to the western tribes in 1879.

The various inquiries by government into the subject of

Indian education during the existence of the Province of Canada, have preserved an interesting body of contemporary opinion on the subject. The system at present in vogue is founded upon these early attempts and has not departed very far from the first model. The present condition and life habits of the Indians in the older parts of Ontario and Quebec, which are far in advance of the position in 1841, are to be attributed largely to educational and missionary effort throughout the province.

## The Legal Status of the Indians

During the existence of the Province of Canada the legal position of the Indian became clearer, and the legislation, which was evolved principally for his protection, served also to define his standing as an individual in the state. Before there had been any legislative enactments bearing upon the legal status of the Indians, two eminent lawyers gave opinions on the subject. In 1839 Chief Justice Macaulay stated that the Indian had no claims to separate nationality such as would exempt him from being amenable to the laws of the land and entitled to their protection, and after citing cases in which Indians had been arraigned criminally and convicted, proceeded to say :

> So as respects civil matters, I believe our courts are considered open to enforce their contracts, or to afford redress for injuries to their persons or property, not only as between them and the white people, but in relation to each other, unless mental incapacity to contract, fraud, or some other valid defence could be established, or some special ground be relied upon in particular cases. It is true civil suits in which Indians were parties have been very rare, but I am not aware that the jurisdiction of our civil tribunes, any more than the criminal, could be withheld if required to be exercised. Then, as to political rights, the same principles seem to apply, and if possessed of sufficient property to qualify them, their competency to vote at elections or fill municipal offices, if duly appointed thereto, could not be denied.

In 1840 the attorney-general gave it as his opinion :

> 1st. That Indians under the age of '21 years are minors in the eye of the law, beyond that age they have the rights of other subjects.'
>
> 2nd. That they 'are not incapable of making civil contracts.'
>
> 3rd. That they 'have legal capacity, either as plaintiffs or defendants.'

After the Union the legislation applicable to Indians in the two provinces was separate ; not until 1857 did an act appear upon the statute-book which treated the Indians of the provinces as one class. The legal definition of the term 'Indian' was always more inclusive in the lower province, admitting all persons intermarried with Indians, all persons of Indian blood residing among Indians, and all persons adopted in infancy and residing among Indians. For Upper Canada the principle that an Indian woman who married a white man did not confer upon him the status of an Indian, but lost her own position as a member of her band and took that of her husband, was adopted, and was later carried into the statutes affecting the Indians of the Dominion.

The legislation for the control of the liquor traffic was also more advanced in Upper Canada than in Lower Canada. The early enactments were all by the way of regulation and licence of the trade, and remained so in Lower Canada. Prohibition of the sale of intoxicants to Indians in Upper Canada was passed in 1835, with a penalty not to exceed £5. This act was to remain in force for four years, and thence to the end of the next ensuing session of parliament. It was amended and made permanent on February 10, 1840. The provisions of the statute have since been elaborated by the Dominion parliament.

The Upper Canadian Indian was also granted certain privileges designed for his protection against unscrupulous traders. Indians were exempt from taxes and assessments, confession of judgment could not be taken from them, nor could any debt be recovered from an individual Indian unless he held land in fee-simple of the assessed value of £25

or upwards. The reserve lands, with their timber and minerals, were also protected from trespass by white men.

The first act applicable to both sections of the province was passed at the session of 1857 ; it dealt for the first time with the enfranchisement of Indians. When commissioners appointed for that purpose found, after examination, that an Indian was competent to manage his own affairs, he might receive a portion of the tribal lands in his own name as well as his share of the capital funds of the band. He then ceased to be an Indian and took on the responsibilities and privileges of an ordinary citizen. Enfranchisement under the present Indian Act is, by comparison, a tedious and disheartening process. The act of 1857 also empowered municipalities to attach any Indian reserve to a neighbouring school section, ' thereby enabling the aborigines to benefit by the excellent and cheap education afforded by the common school system of Canada.'

It will be perceived from the examination of the statute-book that the legal position of the Indians had developed from the indeterminate to the definite. In 1795 Governor Simcoe had braced himself to bring to justice an Indian murderer, and had intended to support his authority with all the military force of the country. In 1860 the Indian knew that he was subject to the criminal law, and that special laws defined his position in society, protected his property from encroachment, and gave him great privileges and immunities.

## The Indian Department

The establishment of the Indian department continued on the basis previously outlined until several years after the Union. It had been divided between Upper and Lower Canada in 1830 and placed under the governor and lieutenant-governor, and so continued until 1844. One of the duties of the royal commission appointed by Sir Charles Bagot in 1842 was to report on Indian matters generally, and to recommend any changes that should be made in the manner of conducting the business of the Indian department. Their

report of January 22, 1844, recommended, among other things:

> 1st. That the management of the Indians be placed under the Civil Secretary with the view of its being brought more immediately under the notice of the Governor-General.
>
> 2nd. That the two branches of the Department be united and the record kept in one office. That the correspondence and central business be conducted at the Seat of Government, under the superintendence of a Chief Clerk at an annual salary of 300 pounds.
>
> . . . . . .
>
> 4th. That the office of the Chief Superintendent in Upper Canada, and the present establishment of local officers, be reduced, and that in lieu thereof three Indian Visitors be appointed at a salary of 300 pounds a year, with an allowance to be fixed for travelling expenses.
>
> 5th. That the Province be divided into three Districts according to the locality of the Settlements, and that each Visitor be charged with the superintendence of a separate District—Lower Canada may form one, the Tribes now under the separate charge of the Chief Superintendent in Upper Canada may be united with the second, and the remainder, now under charge of five Resident Superintendents, into a third.

These recommendations were partially carried into effect. On May 15, 1844, the chief superintendent was informed by letter of April 25 that, as May 15 had been fixed for closing the public offices at Kingston preparatory to removal to Montreal, the governor-general had directed that from that date the following changes would take place in the management of the Indian department:

> The correspondence and central business of the Department will be conducted at the Seat of Government, under the orders of the Civil Secretary assisted by Mr Geo. Varden, the present Clerk in the Indian Office, who will be attached for this purpose to the Indian Branch of the Secretary's Office. The Chief Superintendent will deliver over to Mr Varden the records of the Department, as he will be charged with the preparation of the various accounts, estimates,

requisitions, money warrants, etc., which will relieve the Superintendent from that onerous portion of his duties, and admit of his devoting more time to the moral, intellectual and physical improvement of the Indians under his superintendence.

The chief superintendent was further informed that the resident superintendents would be instructed to correspond direct with the civil secretary upon all matters connected with their districts, and when it was thought necessary, the civil secretary could refer the matter to the chief superintendent for the benefit of his opinion.

The tribes under the charge of the chief superintendent would continue under his immediate superintendence ; and he would be directed by the governor-general, when circumstances required it, to visit the other settlements, and to report upon any points on which particular information might be wanted.

Further changes were carried into effect on July 1, 1845. Samuel P. Jarvis, who had succeeded Colonel Givins as chief superintendent for Upper Canada, was informed by the civil secretary, on April 16, 1845, that Her Majesty's secretary of state, acting on the recommendation of Messrs Rawson, Davidson and Hepburn, had decided to abolish the office of chief superintendent, and that his duties would cease from June 30 following.

The services of three resident superintendents in Upper Canada, James Winniett, William Jones and J. W. Keating, and two in Lower Canada, James Hughes and S. Y. Chesley, were at the same time dispensed with.

The following is a list of the civil secretaries who were also superintendents-general of Indian Affairs :

| | | | | | |
|---|---|---|---|---|---|
| J. M. Higginson, | May | 15, 1844 | to May | 31, 1846. |
| Geo. Varden (Acting), | June | 12, 1846 | to March | 30, 1847. |
| Major T. E. Campbell, | March | 31, 1847 | to November | 30, 1849. |
| Col. R. Bruce, | December | 1, 1849 | to May | 31, 1854. |
| L. Oliphant, | June | 19, 1854 | to December | 18, 1854. |
| Viscount Bury, | December | 19, 1854 | to January | 31, 1856. |
| S. Y. Chesley (Acting), | January | 25, 1856 | to February | 27, 1856. |
| R. T. Pennefather, | February | 27, 1856 | to June | 30, 1860. |

The most difficult task which confronted the commissioners of 1856, was to form a financial scheme for the support of the Indian department, after the withdrawal of the imperial grant. The home government considered that the sole need for an Indian department arose out of the imperial government undertaking to distribute presents; as soon as the gifts were withdrawn the function ceased. But at the same time the imperial government recognized that the provincial government must continue to supervise the estate, and the commissioners of 1856 were required to indicate how the expenses could be met. The problem had already received consideration from the heads of the department, but no scheme which had a sound financial basis had been suggested. Laurence Oliphant, Lord Elgin's secretary, who was superintendent-general for six months in 1854, was the first to attempt the solution. It is strange to find the author of *Altiora Peto*, *Piccadilly*, and the rest connected with this hard official knot. That he did not altogether succeed in his task is not surprising. His attempt to solve the problem was based upon unrealized assets: he left out several important factors, and proposed to use a parliamentary appropriation for purposes other than those for which it was voted. He shared with others the idea, if he did not originate it, that the Indian estate should bear the charges for the support of the department. Viscount Bury, who succeeded him in office, did not favour this plan, but suggested that the imperial government should vote £80,000 sterling, which should be invested in provincial debentures, and consequently produce revenue with which to conduct the department. The secretary of state, Henry Labouchere, would not adopt this view. He held it to be 'no more than consistent with equity and common usage that where an Agency is employed for the management of large pecuniary interests, its officers should be paid with the funds which they administer.' The commissioners of 1856 were thrown back upon the resources of the Indian estate and of the province, if the latter could be drawn upon, and proposed to levy a contribution of ten per cent upon all funds of the Indians then on hand, and to continue it upon all future collections. The amount

then invested in debentures and like securities bearing interest at six per cent was $1,019,699.25.

The province was asked to meet, during a period of ten years, any deficit which might arise in the proposed fund. It was to be understood that the patronage of the department should fall to the colonial government. This scheme was adopted, but the province only made an assisting grant for a year or two. It continued until March 31, 1912, when a parliamentary appropriation became available to meet the expenses. From July 1, 1860, all control of Indian Affairs by the imperial government ceased. From the Union until that date the governor of the province held the Indian administration in his hands ; responsible government had been granted, but neither the ministers nor the executive council interfered in the management of the Indians. They were scrupulous to differentiate between their duties as advisers merely and as responsible administrators. In 1845, during Lord Metcalfe's term of office, the executive council, reporting on a question of Indian Affairs, made this position plain :

> The withdrawal from the consideration of the Committee of Council, of all papers connected with Indian Affairs, led them to believe that Your Excellency agreed with them in their view, that the Indian Department was not one under the Superintendence and management of the local authorities, but rather, one especially entrusted to Your Excellency by Her Majesty, as a matter, the direct control of which belongs to Imperial Authority. As Executive Councillors appointed to advise Your Excellency, under Her Majesty's Royal Commission, they would feel it their duty not to withhold the humble expression of their opinion on any subject on which Your Excellency might desire to consult them. But in such a case they would suggest that some distinction should be drawn between a reference for their advice, on which they are responsible to Parliament, and one like the present.

The administration of Indian Affairs was given to the Crown Lands department, and all funds invested in commercial securities were assumed and capitalized. The commissioner of the Crown Lands became the chief

superintendent of Indian Affairs. This arrangement continued until Confederation.

The commissioners of the Crown Lands who administered the Indian department were :

| | | |
|---|---|---|
| Hon. P. M. Vankoughnet, | July 1, 1860 | to March 18, 1862. |
| Hon. Geo. Sherwood, | March 27, 1862 | to May 23, 1862. |
| Hon. William McDougall, | May 24, 1862 | to March 29, 1864. |
| Hon. A. Campbell, | March 30, 1864 | to June 30, 1867. |

## II

## THE MARITIME PROVINCES

### Nova Scotia

THE dispatch of Lord Glenelg from the Colonial Office of August 22, 1838, was also addressed to the governor of Nova Scotia, Lord Falkland. The requirements of Lord Glenelg set on foot an examination into the state of the Indians of the colony, and the results which were conveyed to the secretary of state on July 15, 1841, present a gloomy record of neglect and failure. The inquiry was made by a series of questions addressed to persons of influence, who either had been interested in the Indians or who had opportunity of becoming acquainted with their condition. The facts and opinions presented by these individuals were reduced to a memorandum, which was conveyed to the home government by Lord Falkland, and afterwards presented to the legislative assembly of the province during the session of 1848. It was stated that ' most Colonies had done something for the relief of this class of their people ; but the Records of Nova Scotia hardly show any intention of the kind. Lands were indeed many years since reserved for the Indians in various parts of the Province,—but no encouragement, until very recently, was held out to them to settle and cultivate the soil :—and the Legislature have annually granted a small sum to purchase Blankets for the old and helpless ; but beyond this little has been attempted for the relief or civilization of this unfortunate race.'

In that year Judge Wisswall, who was described as the best friend the Indians ever had in the province, superintended the settlement of about twenty families in the county of Annapolis, and during his lifetime they made considerable progress. As the efforts to ameliorate the Indians at that time seem to have been confined altogether to private efforts, the names must not be forgotten of Judge Wisswall and of Abbé Sigoyne, a Roman Catholic priest, who had the spiritual charge of the Indians throughout the whole of the western part of the province. It is not likely that this latter witness would exaggerate in his description of their condition. He wrote with regard to the Indians :

> In general they are so much in distress, their depravity and ignorance are such, the bodily infirmities of many so great, that, in my opinion, there is but faint hope of success in the trying to bring them to a civilized life. Their habits for the most part are irregular and licentious. Drunkenness is too common, especially among the young—the female sex even is not free from that vice, which is one of the principal causes of their infirmity and poverty.

Beyond the provision of lands already mentioned and the small grant for blankets, there was but one provincial enactment, to prohibit the sale of liquor, by which any attempt was made to improve their wretched state. The provincial government had not, as a matter of policy, given consideration to any general measures for their improvement. The burden of the memorandum was that the Indians of Nova Scotia must embrace some of the habits of civilization or perish. The direct effect of the representations of Lord Falkland was that the secretary of state for the Colonies instructed him to recommend the care of these Indians to the justice and liberality of the local legislature. This appeal met with sympathetic treatment, and when the Province of Nova Scotia came into Confederation, the statute-book showed that the legislature had endeavoured, so far as its power went, to provide for the civilization of the Indians. Commissioners were appointed in different sections of the province, whose duties were to lease and sell both timber

and lands for their benefit. The proceeds were to be applied to prevent destitution, and to other purposes for the direct benefit of the Indians; but little was done towards education, apart from the beneficent influence of the Roman Catholic clergy, who had established missions amongst them, and whose influence had always been exerted to prevent the spread of debauchery and licentiousness. In 1841 the number of Indians in the province was given as 1400 souls, or about 350 families, and the general decrease in population was made plain by citing the conditions in the county of Pictou, where it was stated there were probably 800 Indians in the year 1798, which number had decreased towards the middle of the next century to 100. Since that time, however, the population has remained stable, and the latest census returns show that there are now over 2000 Indians in the province.

### New Brunswick

What has been said of the Indians of Nova Scotia applies generally to those of New Brunswick. The colonial government had done but little to advance the interests of the Indians, and in addition to the causes which had rendered them indigent, the great fire of 1825 had destroyed the game in the northern portion of the province. Sir John Harvey, the governor of New Brunswick, reported the conditions as he found them on May 14, 1839, and they correspond with those existing in Nova Scotia. The legislature of New Brunswick had already recognized more fully than the sister colony its responsibility to the Indians. Commissioners had been appointed to attend to their affairs and to administer their lands, and when New Brunswick came into Confederation, the law respecting Indians was in some essential particulars designed for their protection and for a proper administration of their estate. But this fell far short of an enlightened policy for Indian education and advancement, and the contrast is strong between the anxiety which was ever present with the government of Upper Canada for the advancement of the Indians and the apathy which prevailed in the maritime colonies.

The population given by the commissioners of 1839 was found to be 753, but this can hardly have been the full Indian population. In the northern part of the province particularly, their nomadic habits rendered it impossible properly to enumerate them. The present population of over 1600 shows considerable increase upon the figures quoted by the commissioners.

### Prince Edward Island

The Indians of Prince Edward Island, in the early days of the settlement, seem to have been entirely neglected by those in authority. In a petition which they addressed to the crown in 1838, they state that the French taught them religion and the duties of a civilized life, but that since they became British subjects they had been deprived of their hunting grounds without any remuneration, and that by privation and want their once numerous tribe had been reduced to a 'skeleton of five hundred individuals'; that despite frequent applications to the House of Assembly, no land had been set apart for them; and the petition closed with a prayer for a permanent reserve upon which they might reside without fear of molestation.

The lieutenant-governor of the island, Sir C. A. Fitzroy, in reply to an inquiry from Lord Glenelg, said that he did not believe the number of Micmacs to be more than two hundred, and that 'from their habits of intemperance, and other causes, their number was rapidly decreasing; and that, with few exceptions, they are sunk to the most abject and degraded state to which I should conceive it possible for human beings to arrive.' He recommended that Lennox Island, lying on the north-west coast of Prince Edward Island between Richmond and Goodwood Bays, be purchased for them. It was a spot where they had for some time been settled, where a church had been built for them, and where a number of their dead had been buried. This recommendation was not immediately acted upon, and when it was carried out, private philanthropy was the agent and not the colonial government. The Indians continued to

live upon the island without title until it was purchased for them by the Aborigines Protection Society in 1870. The reserve has been under the supervision of the Dominion government since Prince Edward Island entered the Dominion on July 1, 1873. The title was transferred from the society to His Majesty the King in 1912.

# THE POST OFFICE

1840-1867

# THE POST OFFICE, 1840-1867

## I

## NEW ERA IN POSTAL AFFAIRS

### A Revolution through Steam Carriage

THE period with which we are about to deal is one of great importance in the history of the Post Office. Indeed, it may with truth be said that from it date the Post Office and its auxiliary services, as they are known to-day. The transportation of mails across the Atlantic and through Canada underwent a revolution by the use of steamboats and railways.

In April 1838 two steamers set out from ports in the United Kingdom for New York—the *Great Western* from Bristol and the *Sirius* from Cork—and reached their destination seventeen days later. On her way home the *Sirius* overtook the *Tyrian*, the sailing-packet bound from Halifax to Liverpool with the mails, and, taking the mails on board, advanced their passage by some days. The attention of the Colonial Office was drawn to this event by the British consul in New York, and by Joseph Howe and William Crane, the latter a member of the House of Assembly of New Brunswick, as the former was of the Nova Scotia house. The British government needed little urging, however, and before the end of the year it had invited tenders for a steam service between Great Britain and Nova Scotia. These were not satisfactory, but Samuel Cunard of Halifax entered into negotiations with the British government, a contract was drawn up, and in July 1840 the steamship *Britannia* left Liverpool for Halifax with the mails, under a contract between the British government and Cunard. The trip was made

in twelve and a half days, and by means of a steamer from Pictou the mails for Canada reached Quebec five days later. Until this trip, even when the weather was good, the average time of the packets from Liverpool to Halifax was thirty-five days, and to Quebec fifty days.

Railroad construction was commenced in Canada at this time, but it was some years before the completion of the extensive schemes establishing communications between Eastern and Western Canada. In 1840 the mails passing between Montreal and New York were conveyed by the Champlain and St Lawrence Railway over the section between Laprairie, opposite Montreal, and the town of St Johns, near the United States border. The extent of the increase in the speed of the mails after the railway came into use may be gathered from the fact noted by the postmaster-general that, whereas in stage-coach days it took ten and a half days to travel from Quebec to Windsor, Ontario, during the winter, the same journey was made by railway in two days and one hour.

## The Burden of High Rates

While these great improvements were taking place in the conveyance of the mails by sea and by land, changes equally important were being made in the postal charges. The Lords of the Treasury considered that the high rates of postage on letters between Great Britain and her colonies in North America—frequently as much as three shillings and even four shillings for a single letter—must be a serious grievance to the poorer settlers, and must check emigration and tend to discourage friendly intercourse between the colonies and the mother country. On July 6, 1840, they therefore directed the postmaster-general to make a thorough-going lowering of the rates. Thereafter the charge on letters passing between the United Kingdom and any part of the colonies in North America was not to exceed one shilling and twopence sterling per half ounce. To Halifax, the rate was one shilling, as there was no land conveyance involved. If people were willing to have their letters carried by private ship instead

of steam-packet, the charge was tenpence. However, the rates were still, according to modern notions, extremely high. While the charges exceeded a shilling a letter but little advantage could be taken of the communication between Canada and the mother country by the class specially in the mind of the government.

An event of immense consequence in postal history, though without immediate result in Canada, was the establishment of penny postage in Great Britain. On January 10, 1840, the British government at a single stroke swept away the entire complex system of rates, based on the distance letters were carried and the number of their contents, and in its place set up the simple rate of one penny per half ounce, which carried letters to every part of the kingdom. By the world at large, and even in England itself, this great change was regarded as an experiment, the issue of which appeared to most people to be more than doubtful. As late as 1844, the leading officials of the British Post Office, who had consistently opposed the scheme when it was under inquiry, declared that it had failed, and Rowland Hill, the illustrious expounder of the scheme, had grounds for fear that Sir Robert Peel would abandon it.

## Sydenham's Postal Commission

It was in the early stages of the experiment that the commission appointed by the governor-general, Lord Sydenham, began its inquiries into the state of the Canadian Post Office. The commissioners were fortunate in the fact that the governor-general, who was greatly interested in their work, had been a member of the committee of the House of Commons which had been entrusted with the examination of Hill's scheme. Sydenham did not live to see the completion of the commission's labours, the report being presented to his successor, Sir Charles Bagot, on the last day of the year 1841.

The report began with a remarkably complete survey of the condition and working of the postal service. The attention of the commissioners was drawn particularly to the faulty organization of the administration and the excessive

rates of postage. The deputy postmaster-general, under the terms of his instructions, was responsible to the postmaster-general in England, and to him alone; in theory, and in a large measure in practice as well, he was quite independent of the provincial government. Indeed, it will be remembered that Stayner repeatedly declined to give information sought by the legislature, because he did not conceive himself warranted in doing so without authority from the postmaster-general. The assertion of independence on the part of the deputy postmaster-general was naturally tempered by various considerations. Stayner, while indifferent to the opinions of the House of Assembly, always courted the good-will of the governor-general, and with unvarying success. In Nova Scotia the relations between the House of Assembly and the deputy postmaster-general were steadily cordial. But although good sense, prudence and an accommodating disposition did much to prevent the consequences which might have been expected to ensue from such a situation, the commission rightly regarded the situation as unsatisfactory. Nor could they find that the authority of the postmaster-general, which was absolute in theory, could be effectively exercised. The distance from the colonies made it necessary for the postmaster-general to rely on the local deputies for information, and left the latter virtually independent. Messrs Dowling and Davidson, the two outside commissioners, sought to show that Stayner had abused his position, but the instances they offered as proof were susceptible of reasonable explanations, and rather weakened their case, which was logically unassailable. The remedy proposed by the commission was to place the deputy postmaster-general under the control of the governor-general in all matters which did not conflict with the authority of the postmaster-general of England. By this means there would be conferred upon the governor-general a sort of concurrent jurisdiction, which would subject the deputy postmaster-general to a real, because no longer a distant, responsibility, and introduce some measure of popular control by making the local administrators answerable politically for abuses in the direction of the Post Office.

In dealing with the postage rates, which were almost universally regarded as too high, the commissioners laid it down as a principle that the rates should be so fixed as always to yield income enough, and never much more than enough, to provide liberally for the expenses of the department. They assumed that by a careful calculation rates could be arrived at which would leave no fear of a deficit, while increased facilities or a further reduction of rates might be introduced as the income improved. In considering what these rates should be, the commission followed closely the line of reasoning adopted by Hill in his celebrated pamphlet *Post Office Reform.*

By inquiries addressed to representative persons in all the colonies, the commissioners learned that there were many more letters carried by agencies outside the control of the Post Office than by the Post Office itself. Every teamster, stage driver, and even the passengers, were laid under contribution. Although all the steamboats on the lakes and rivers carried a Post Office mail, nearly all the letters carried by them were outside the Post Office. Several competent witnesses testified that by far the larger volume of letters exchanged between Montreal and Quebec was carried by illegal means. A member of the legislature, whose opportunities for observation were unusual, estimated that during the summer not one-twentieth of the letters written in one of these leading cities and addressed to the other were conveyed by the mails. The steamboats on the St John River did an equally thriving business. A gentleman in Fredericton, who expected a letter from St John, went down to the landing and, stepping on board the steamer, saw not fewer than sixty letters lying on the cabin table awaiting their owners. Not finding his letter, he went to the post office, reaching it in time to see the mail bag, which had been brought by the steamer, opened. There were but six letters shaken out. On the stage-coach between St John and Fredericton every passenger was expected to take a parcel of his friends' letters with him. These he either distributed personally or dropped in the post office at his destination, from which they were delivered for a penny each. On occasions when a

person wishing to have a letter carried by the coach could see no one to whom he cared to entrust it, he would make up a package of old papers and sticks, and place the letter in the centre. The freight on the bundle was less than the postage on the letter concealed in it. Nova Scotia and Prince Edward Island had the same stories of evasion to tell. Along the extensive coast-line, every boat and coasting vessel had its quota of letters. In the western counties and on the southern shore of Nova Scotia, it was estimated that the Post Office scarcely carried one-tenth of the letters exchanged.

The correspondents of the commission were unanimous in the opinion that the excessive postage rate was the cause of these illegalities. But the commission, while not disposed to uphold the existing rates, inclined to the belief that due weight had not been given to other causes, such as the lack of post offices, the inconvenience of the office hours, or the infrequency or slowness of the mail. These various defects in the system were examined, but the attention of the commissioners was given mainly to the rates. Many of their correspondents had been impressed with the attractiveness of the penny postage proposals, but it was easy for the commission to show the fundamental differences, from the standpoint of the Post Office, between a small and densely populated country, containing many great cities and the commercial centre of the world, on the one hand, and on the other a thinly settled colony, almost entirely devoted to the cultivation of the soil, and with its commerce in its infancy.

Rowland Hill had been able to make out his case for penny postage on the existing circulation of letters in Great Britain, without calling into his calculation the enormous increase in the number of letters which was certain to follow upon the reduction of the rates to a penny a letter. According to his calculations upon the circulation of letters as it stood at that time, the total cost for carrying letters from post office to post office was less than one farthing, and the difference in the cost of conveyance upon a single letter for the longest or the shortest distance was so small as to be negligible. Pursuing the same method of reasoning, the commissioners showed that the cost of handling a single

letter was fivepence-halfpenny, of which threepence was for conveyance. They then proceeded to the inference that, if a revenue was to be produced which would meet the expenditure, the proposition of a low uniform rate must be dismissed as impracticable.

The commission was wrong in basing its reasoning on the existing circulation. The average postage charged on a letter was ninepence, and to suppose that if it were reduced to threepence or fourpence a letter there would not be a great increase in the volume of the letters transmitted by post, was to disregard all previous experience. Indeed, when the threepenny rate was established in 1851, the number of letters more than doubled within a twelvemonth. However, having agreed to exclude from consideration the proposition of a uniform rate, the commission set about ascertaining a scheme of rates with the smallest possible number of variations. It finally settled on a schedule which contained five different rates, running from twopence for distances up to thirty miles, to one shilling for distances over two hundred miles, rates much lower than those in operation in the United States at that time. The commission decided also to recommend the adoption of the weight system in fixing the charges, in preference to the prevailing system by which the charges were determined by the number of enclosures in a letter. As regards newspaper postage, which had hitherto been the perquisite of the deputy postmaster-general, the commission recommended that it should go into the general revenue of the Post Office, and suggested a charge of one halfpenny a sheet.

This report was dealt with piecemeal by the British government. On August 16, 1842, the first stroke was made at Stayner's practically absolute power by taking from him the right to appoint postmasters and vesting it in the governor-general. Stayner retained the power to dismiss any official for misconduct, but he was reminded that no person should be dismissed until he had opportunity of defending himself against the charges brought against him. In August 1843 the colonial secretary announced to the governor-general that it had been decided to adopt the weight system instead

of the number of enclosures in determining the postage on letters, to abolish the deputy postmaster-general's newspaper perquisite, and to fix a rate of one halfpenny per sheet for newspapers. In July 1844 Stayner was notified that thereafter his salary would be the handsome one of £2500 sterling a year in lieu of all emoluments, but that his successor would have not more than £1500 sterling a year.

All the principal recommendations of the commission having been carried into effect except that relating to the postage rates, the course of events ran in a narrower channel, and though the ends towards which they tended were not less important than those already reached and overpassed, the movement thereafter was marked by less vehemence. The settlement of the newspaper question, and the wiping out of the deputy postmaster-general's perquisites, allayed the sense of personal irritation felt generally throughout the country. The main point towards which attention was directed for the next few years was the reduction of the rates, and their assimilation as far as the circumstances of the country would permit to the rate which was producing such a variety of beneficent results in Great Britain.

## II

## THE MARITIME PROVINCES

### Early Postal Effort

As the Maritime Provinces were pursuing substantially the same ends, it is proposed from this point until 1851 to combine the movement in Canada and in Nova Scotia, New Brunswick and Prince Edward Island, into a single narrative. Before doing this, however, it is necessary to relate shortly the progress of events in the Maritime Provinces up to the point we have now reached.

The first post office established in the Maritime Provinces, and, indeed, in the present British colonies, was opened at Halifax in 1755, when, on the urgent appeal of the governors of the several colonies after Braddock's disaster

at Fort Duquesne, the packet service was put in operation between Falmouth, in Cornwall, and New York. Letters to and from Halifax were exchanged by way of New York, or Boston, by any war or merchant vessel that happened to be passing between the two places. No further post offices were opened until after the American Revolution, and, indeed, the few settlements on the Atlantic were not ill served by the coasting vessels running to and from Halifax. The little groups which were forming on the Bay of Fundy, both before and after the incoming of the loyalists, received their letters from Windsor, which was connected with Halifax by an Acadian road. At the close of the war, a movement was begun to have direct packet service between England and Halifax; and Lord North, foreseeing that Halifax would become a place of some importance as the rendezvous of the fleet, encouraged the colonies to believe that their desires would be met. But other views prevailed. In November 1783 the postmaster-general re-established the service between Falmouth and New York, and the Maritime Provinces, to their indignation, found that they had to depend on a foreign post for the maintenance of their communication with the mother country. Canada having joined hands with the provinces by the sea in their demand for a direct service to the British colonies, the imperial government in 1788 required the packets running between Falmouth and New York to call at Halifax en route. At the same time a monthly courier service between Quebec and Halifax brought the Canadian provinces into connection with the packets. On the establishment of the monthly inland service, post offices were opened at Windsor, Horton, Annapolis and Digby in Nova Scotia, and at Fredericton in New Brunswick. A post office had been in operation at St John since 1784, and thus the inland service in the Maritime Provinces was begun. Matters remained unchanged until the outbreak of the War of 1812, when, owing to the dangers from American privateers in the Bay of Fundy, the deputy postmaster-general was compelled to abandon the route by way of the Annapolis Valley and the bay, and to take an inland line of travel to the St John River. This route passed through Truro and on to Fort

Cumberland, thence along the old Westmorland road to a point near the present Norton Station, then called the Fingerboard. Here the courier turned on to a trail which led to Fredericton.

Like the deputy postmaster-general in Quebec, the deputy in Halifax, John Howe, was subjected to constant pressure on the part of the governor and the legislature for an extension of postal accommodation to all parts of the province. The governor was anxious for a means of communicating with the militia, which were organized in each county, and the legislature pointed to the fact that the census of 1817 showed the population of Nova Scotia to be 82,373 as a reason why postal facilities should be distributed more freely throughout the province. The deputy was under the same restrictive orders from home as were embarrassing his brother official in Quebec, but he met the difficulty with more tact. He laid before the legislature the injunction of the secretary of the Post Office that no route should be established which would not produce at least revenue enough to cover its expenses, and obtained from that body an assurance that it would make up any deficiency on a route. He, on his part, engaged, in disregard of his instructions, to allow all postages arising on unproductive routes to be applied as far as they would go to the payment of the postmasters and mail couriers on such routes.

In 1817 Howe made a comprehensive report on the mail routes in the province. There were two principal lines of mail conveyance. The first in local importance was that from Halifax to Digby by courier, and thence by packet to St John. Beyond Digby to Yarmouth, and thence round the coast to Shelburne, there was a line of settlements, which were served by a courier who was paid partly by the legislature and partly from the postages collected on the route. The second leading route was that between Halifax and Fredericton by way of Truro. This route, which was established at the beginning of the War of 1812, was discontinued at its close, but was shortly afterwards restored and became the permanent road between Halifax and Quebec. From Truro a branch line ran through the eastern counties to

Pictou and Antigonish. Howe wrote of this district with much satisfaction. The large immigration from Scotland and other parts of Great Britain had increased the number of settlements to such an extent that he anticipated that the revenue from the eastern counties would soon exceed that from the western counties. In 1818 the third great line of communication was opened by the establishment of a service along the southern shore from Halifax to Liverpool.

For some years Antigonish was the most easterly post office on the way to Cape Breton, and had a considerable importance on that account. In Cape Breton there was a post office at Sydney as early as 1803, but for a long period its only connection with the mainland of Nova Scotia was by such vessels as happened to be running to or from Halifax. In 1817 an overland communication was opened between Sydney and Halifax, an Indian being employed to make monthly trips during the winter. When Cape Breton was annexed to Nova Scotia in 1820, Sir James Kempt, the lieutenant-governor, established a regular weekly mail service over the same route.

The postal service in New Brunswick remained as it had been fixed in 1788 until as late as 1820. The only regular post offices in the province at that date were St John and Fredericton. The names of Maugerville and Westmorland appear in certain lists as early as 1803, but they were not in operation in 1820. Fredericton lay on the main route between Halifax and Quebec, and there was a regular courier between the capital and St John. The first district off the established routes to manifest a desire for postal communication with the remainder of the province was on the Miramichi River. The two lumbering and fishing settlements of Chatham and Newcastle had had a private courier who travelled to and from Fredericton, and was paid for his services partly by the legislature and partly by private subscription. This did not give satisfaction, as the courier could not be depended upon to deliver the correspondence of those who did not subscribe to maintain him on his route. The service proposed to the Miramichi would have cost much more than any possible revenue to be derived from the

district, and negotiations between the deputy postmaster-general of Nova Scotia and the lieutenant-governor dragged along until 1825. In that year several important offices were opened in New Brunswick, and Howe gives an interesting account of his tour through the province establishing them. He set out in a vessel from St John for Dorchester, where he opened a post office ; thence, by way of Baie Verte, to Miramichi and Richibucto ; returning to Dorchester, he travelled by land to Sussexvale, installing postmasters at all three places. On arriving in St John, at the urgent request of the lieutenant-governor, he established offices at St Stephen, at the western end of the province, and at Kingston and Gagetown. By co-operating with the legislature, Howe was able to make this very considerable expansion of the provincial system without the loss of a penny to the Treasury, and he received the thanks of the postmaster-general, though the secretary cavilled because there was no immediate financial gain from the arrangement.

Prince Edward Island had postal communication with Nova Scotia as early as 1803, though for many years it was very irregular in character. In 1816 a packet route was established between Pictou, Nova Scotia, and Charlottetown. As the inland postage did not cover the expenses of the packet and the salary of the postmaster, a convenient arrangement was made by the deputy postmaster-general of Nova Scotia, under whose jurisdiction the whole Maritime Provinces lay, by which the whole postage was handed over to the legislature by the postmaster of Charlottetown, and the outlay for the service was borne by the legislature. This plan left the island service entirely in the hands of the local government, which provided very satisfactorily for the postal requirements of the island. There was no inland service until 1827, when the lieutenant-governor established three main routes, viz. : the western, which ran as far as Princetown ; the eastern, terminating at St Margarets ; and the Georgetown route. Ten post offices were opened at this time, and by 1840 the number of offices had increased to twenty-nine. Within the island there was a uniform charge of twopence for each letter and a halfpenny for each newspaper.

The postage from Charlottetown to the principal places in the colonies was : to Halifax, eightpence ; to St John, one shilling and threepence ; to Montreal, two shillings and ninepence.

## The Newspaper Postage Question

Having outlined the steps which resulted in the establishment of the main lines of communication in the Maritime Provinces, it is now necessary to pass in review the principal questions which arose affecting the Post Office down to 1841. As in the case of the Canadian provinces, the two questions which agitated the legislatures of the Maritime Provinces were those of newspaper postage and of the control of the provincial Post Office, in both of which there were marked differences between the attitude of the assemblies in the Maritime Provinces and in the Canadian provinces. In 1830 a petition for free postage for his paper was laid before the legislature of Nova Scotia by a publisher. The legislature, having looked into the history of the newspaper rates, found that, since about 1770, it had been the practice of the deputy postmaster-general of Halifax to charge two shillings and sixpence a year for each copy of a newspaper carried by post from the publisher to the subscriber, and that, following the practice of the secretary of the General Post Office, the deputy postmaster-general appropriated the proceeds to his own use. The legislature took the opposite view to that expressed by the Canadian legislature, holding that the deputy postmaster-general was quite justified in the course he pursued; but being anxious to have newspapers carried free in the interests of popular education, it was in favour of granting the deputy postmaster-general a sum in lieu of his receipts from this source. The deputy postmaster-general of Nova Scotia was always able to command the goodwill of the assembly, at a time when the deputy in Canada was incurring the lively animosity of the assemblies in Upper and Lower Canada. This was doubtless partly due to his relationships in the assembly.[1]

[1] The deputy from 1804 to 1819 was the father of Joseph Howe, and his successor was his son, the brother of the famous orator and statesman.

Another reason for the difference was that while Stayner was receiving a most exorbitant amount in the way of perquisites, Howe's receipts from the same source were very moderate. As against Stayner's income in 1840 of $15,977, that of Howe in the same year was only $3320. But though Howe was on good terms with the legislature, he by no means escaped criticism.

In 1834 the proprietors of the *Acadian Recorder* and *Free Press* complained that, owing to Howe's interest in the four other newspapers published in Halifax, they were being unfairly treated. It appeared that the *Nova Scotian*, the *Royal Gazette*, the *Journal* and the *Acadian* were all controlled by the Howe family, and were all distributed through the post office free of postage. The proprietors of the other two newspapers petitioned the king to have their postage remitted, so that they might stand on the same footing. The postmaster-general, to whom the petition was referred, treated it slightingly. Disregarding the discriminatory features of the case, he pointed out that the practice was not illegal. It had been in operation since newspapers were first published in the colony, and the complainants had ample notice of the charge to which their papers would be liable. The charge was less than that in force in the United States; and in any case the contemplated legislation respecting the colonial post offices would place the newspaper postages on a satisfactory basis.

## The Colonial Post Office Bill

The Colonial Post Office Bill of 1834, which was drafted by the postmaster-general for acceptance by the colonial legislatures, proved a veritable stumbling-block to all general reform for many years. It was rejected by the legislatures of Upper and Lower Canada as totally unsuited to the conditions in the North American colonies. The committee of the House of Assembly in Nova Scotia which was appointed to consider the draft reported that, with some modifications, the proposed bill appeared to be well suited to accomplish its object; but the amendments they suggested would have

been fatal to the uniformity which the postmaster-general considered essential in the bills passed by the several colonies. The committee, observing that Canada and New Brunswick had declined to adopt the bill, could not recommend the Nova Scotia legislature to accept it, but they wished His Majesty's government to know their views on the proposition submitted to them.

The legislature of Nova Scotia, like those in the Canadas, was desirous of securing control of the inland posts, and in 1838 passed a bill to that effect. It was satisfied that there was a considerable surplus remitted to the British Post Office every year, and as the legislature contributed to the maintenance of the unproductive routes in the remoter parts of the province, the house was convinced that, if the inland posts were entirely in its hands, the profitable services in the well-settled parts would help to pay the expenses of the outlying services, and the province would be relieved of a large part, if not the whole, of the contribution it made annually to the Post Office. The British government promptly disallowed the provincial bill of 1838, on the ground that, by refusing to adopt the draft bill of 1834, the province had deprived itself of the benefits which Great Britain intended to bestow on it. The postmaster-general objected to all partial legislation in the colonies, and particularly in Nova Scotia, as by leaving the expenditure of the various posts throughout that province, the key to British North America, under the provincial legislature, that body would obtain management and power over the whole postal communication with the interior, and it might then not only object to defray the expense, but might interdict such communications as it did not approve of or deem necessary.

The legislature was not, however, disposed to yield the point without further discussion, and in the summer of 1839 it sent delegates to England to lay its views before the home government. The delegates applied themselves to their task with great skill, and although they did not succeed in bringing the British authorities to agree to the proposition they had gone specially to present, they obtained substantial

concessions which removed any sense of grievance they had entertained.

It was agreed that, so long as the revenue from the inland post office was sufficient to meet the expenditure of the internal communication, no demand for this object should be made upon the provincial funds, but, should the legislature deem it advisable that the lines of communication should be increased, the legislature would be expected to defray any expense of such additional communication as might not be covered by increased postage. The Treasury also expressed its readiness to place the packet postage collected in the colonies, and which belonged of right to the British government, as it maintained the packet service, at the disposal of the several local governments, whenever the requisite authority should have been obtained under the imperial act of 1834. As matters then stood, however, the Treasury could have no power in this direction until the draft act submitted to the legislatures in 1835 had been adopted. In view of the difficulties which all the legislatures found in the way of accepting the draft bill, the Treasury was prepared to reconsider the draft and to amend it in all proper ways. It was some years, however, before the colonies could extricate themselves from the tangle brought about by that unfortunate draft bill.

### Establishment of the Mail Steamer

The replacement of sailing by steam vessels in the colonial packet service was an event of great importance, as much on account of what was attempted unsuccessfully as for what was actually accomplished. Acting under an impulse due, it would seem, to the eloquent pleadings of Joseph Howe and William Crane, the British government determined to utilize the new motive power to bring about a closer intimacy than had hitherto existed between the mother country and the transatlantic colonies. The service between Liverpool and Halifax was to be carried on by the swiftest vessels that naval science made possible, and Halifax was to be the point of assembly for the mails from all the North

American colonies. Auxiliary services to and from Halifax were to give the advantage of the fast Atlantic steamers to Canada, Newfoundland and Bermuda, and the Atlantic steamers themselves were to run from Halifax to Boston.

The legislatures of Nova Scotia and New Brunswick were asked to assist in the accomplishment of the great design by improving the roads through to Canada. New Brunswick made a ready response to the appeal. That province had been giving generous attention to its roads for a number of years, and Howe had the satisfaction of reporting that he was able to require his contractors to travel eight miles an hour through that province. Nova Scotia did not rise to the occasion with the same alacrity. In the same report Howe stated that he found the roads in many parts of that province in very poor condition, and he could not call upon the contractors for more than five miles an hour between Halifax and the New Brunswick boundary. Stayner, the Canadian deputy postmaster-general, who was under similar injunctions, stated that he had been enabled, through means furnished by the government in Lower Canada, to put the Temiscouata Portage, which had been the great obstacle to rapid conveyance between Canada and the Maritime Provinces, for the first time in passable condition. This land route was not used for the conveyance of British mails to and from Canada during the summer months after the Cunard service came into operation. While navigation was open on the St Lawrence, the British mails for Canada were hastened off to Pictou by a fast coach service in the hands of the Cunards, and placed on a steamer, also owned by that company, which delivered them in Quebec three days later.

But this system of communication between Great Britain and the transatlantic colonies was doomed to failure. In the competition between Halifax and the United States ports for the conveyance of mails to the Canadian provinces, Halifax occupied the same position of inferiority as she had done in the days of the sailing-packets. In earlier times her disadvantage lay in the longer route and the bad roads to Canada. Now that the roads were being put in good condition for carriage travel, the competing roads in the United

States were being replaced by railways. At the time the Cunard service began, railway trains were running between Boston and Albany, and two years later the railway system was extended to Buffalo. Canadians soon found that time was saved by having their British letters carried on by the steamer from Halifax to Boston and thence by railway. The Cunards also saw that their United States business far surpassed the business transacted through Halifax, and they began an agitation to be allowed to drop the auxiliary service on the St Lawrence and to carry the Canadian mails on to Boston. This was of course opposed by the Nova Scotia government; but the British government put its remonstrances aside with the remark that Nova Scotia had done very little to assist Great Britain in its plans to make communication easy with Canada, and in February 1845 an agreement was made with the postmaster-general of the United States for the conveyance of the mails between Great Britain and Canada through United States territory. This agreement had an important consequence. In releasing Canada from its dependence on Nova Scotia for its communication with Great Britain, it cleared the way for the autonomous systems which were established in the several provinces in 1851.

### Inadequate Mail Services

In 1841 there were in Nova Scotia, including Cape Breton, seventeen post offices and fifty-one sub-offices. The mails were carried between Halifax and Pictou and St John, three times a week in summer and twice a week in winter. From Pictou eastward to Antigonish the courier travelled twice a week. The mails on the western route from Halifax to Annapolis were also carried twice a week. All the other routes in the province were served by weekly couriers. Illegal conveyance of letters was the rule here, as in the other provinces. On some of the main routes, notably those from Halifax to Pictou and Annapolis, there were fast four-horse stage-coaches. These carried the mails, but it never happened that the mail-bags contained as many letters as could have been found in the pockets of the passengers.

In New Brunswick the same general conditions prevailed, though that province was even more scantily provided with post offices. The population had increased from 75,000 to nearly 160,000 between 1825 and 1842, and the increase had been distributed through every part of the province, yet the number of post offices had risen from nine in 1825 to only twenty-three in 1842. Between Fredericton and Woodstock, through a well-settled district sixty-two miles in length, there was not a single post office. The line of settlements east of Fredericton to Sussexvale, sixty-eight miles distant, and the large farming population to the north of the provincial capital, stretching over a tract of one hundred and fifteen miles to Chatham, were equally unprovided with postal accommodation, though it would have cost nothing to place offices at convenient distances along any of these routes.

The general postal system of the province may be described in a few words. The route from Halifax entered New Brunswick a short distance west of Amherst, and following in its general lines the present course of the Intercolonial Railway, passed the bend at Moncton, and pursued a southwesterly course to St John. From a point on this main route, near the present Norton Station, a road ran to Fredericton. Over these routes the mails were carried twice a week each way. From Fredericton north to Chatham there was a service of the same frequency. Chatham was connected by a semi-weekly courier service with Dorchester, and by a weekly courier with Bathurst, Dalhousie and Campbellton. Mails were carried daily between Woodstock and Fredericton, Fredericton and St John, and St John and St Andrews. At Woodstock and St Andrews connection was made with post offices in the United States. Finally, from Woodstock northward to the St Lawrence and on to Quebec, couriers travelled twice a week.

The arrangements for the transmission of the British mails between Quebec and Halifax involved Canada and Nova Scotia in a disagreeable dispute, which gave point to the reasons urged by the home government for refusing to transfer the colonial Post Office to the control of the local governments. It will be remembered that during the period

of open navigation on the St Lawrence each year, the British mails for Canada were conveyed to Pictou for dispatch to Quebec by steamer. There had been for many years a local service between Halifax and Pictou which cost £285 a year. This was insufficient for the conveyance of the British mails to and from Canada, and Samuel Cunard, who was desirous of attracting the travel between Great Britain and Canada to his line, put a fast four-horse coach on the Halifax-Pictou route, principally for the accommodation of passengers, and induced the deputy postmaster-general at Halifax to give him £1550 a year for the conveyance of the mails. This expenditure made a great addition to the cost of the postal service in Nova Scotia, and, as it had been incurred to expedite the conveyance of the British mails to and from Canada, it was proposed that Canada should pay a share of the expenses. This she declined to do, partly on the ground that the arrangement with Cunard was unnecessary and extravagant, but mainly because it held that the route between Pictou and Halifax was but a link between Great Britain and Canada, and that the necessary expenses in connection with it should be thrown upon the packet postages. This was undoubtedly the correct view, but the British Office refused to assent to it, and looked to Nova Scotia to take the expense on itself. The legislature of Nova Scotia was unwilling to assume the burden, and when it was shown that the total result of the operations of the post offices in that province was a deficit of some hundreds of pounds, the legislature for the first time declined to make up the amount. The postmaster-general responded by a direction to his deputy in Halifax to cut off all unremunerative services, and in that way bring the expenditure within the revenue. The legislature protested against this mode of settling the difficulty, but as the postmaster-general was firm, it at last consented to make good the deficit.

This incident led the British government to consider a radical change in its scheme. An official was sent from the British Post Office to look over the arrangements of the Post Office in the Maritime Provinces, with a view to reducing the expenditure to within the limits of the revenue, and he

was instructed particularly to inquire as to the possibility of landing all the colonial mails at St John, or preferably Boston, from which point the mails could be carried overland to Canada, and by a smaller steamer to St John and Halifax. In 1845 so much of this proposal was carried into effect that the letter mails for Canada were landed at Boston.

### A Demand for Reduced Rates

The question of reducing the colonial postage rates engaged the attention of the public in the several provinces. The lead in this important movement was taken throughout by Nova Scotia. The Canadian legislature was singularly conservative, and even rather apathetic towards the question. In 1845 a number of public bodies presented petitions to the legislature for reduced postage, but the committee to which the petitions were remitted, after hearing the deputy postmaster-general, and noting the fact that the Post Office surplus in the province was only £8000, decided that any radical reductions were premature. The Boards of Trade of Montreal, Quebec and Toronto petitioned the postmaster-general in England on the subject, those of Toronto and Montreal suggesting a threepenny rate regardless of distance, while that of Quebec, though favouring the threepenny rate, thought that the element of distance should not be put aside altogether, and was prepared for a higher rate for distances over three hundred miles. The postmaster-general gave little encouragement to the petitioners. While favourable to a uniform rate, he thought that threepence would be too low to meet the expenses of the service, particularly as the governor-general was proposing to reduce the charge on government documents to a merely nominal figure.

In New Brunswick, though the affairs of the Post Office occupied the attention of the legislature, other features of the subject came into temporary prominence, and the question of reduced rates on letters sank into the second place. In July 1843 the supervision of the postal service in New Brunswick was withdrawn from the deputy postmaster-general at Halifax and placed in the hands of John Howe, postmaster

of St John. The immediate consequence of this change was a large increase in the expense, owing to the maintenance of a deputy postmaster-general and staff at St John. Coupled with this disappointing fact was a reduction in the mail service throughout the province, made in pursuance of the postmaster-general's policy of keeping the expenditure within the revenue.

The legislature was greatly dissatisfied with the position of matters. It could not allow the district which had been deprived of post office accommodation to remain unserved, and it re-established at its own expense the routes which had been abolished. It was convinced that the high postage rates impeded correspondence, and urged a reduction. In 1843 the legislature recommended a uniform rate of threepence throughout the province, but in 1845 it gave up the principle of uniformity, and asked for a series of rates ranging from twopence to sixpence according to distance. On one point New Brunswick was steadfast. It insisted that newspapers should be carried free, and to achieve this the legislature was prepared to take on itself the charge of conveying newspapers. The postmaster-general could not accede, as it would cause confusion among the other provinces, which were not in a position to do likewise.

The Nova Scotia legislature kept steadily in view a general system for the reform of its Post Office. Nova Scotia was the first of the provinces to appreciate the importance of a single uniform rate, and it at no time deviated from its faith in the merits of the idea. In March 1842 the House of Assembly requested the lieutenant-governor to inquire as to the practicability of the single rate of fourpence the half ounce. Howe, who was consulted, advised against the proposal, on the ground that it would not produce sufficient revenue to cover the expenses.

In 1844 the legislature came again to the attack with a resolution affirming that the experience of the parent country had shown that the penny postage had had a number of beneficial effects on the social and commercial life of the United Kingdom, and that it was persuaded that, if a uniform charge of fourpence for a single letter were introduced under

the same regulations as prevailed in England as to the use of postage stamps, it would promote the public interests, not add materially to the labour of management, and ultimately increase the public revenue.

The legislature also at this time advanced a proposition which had dropped out of sight in the other provinces. It was of opinion that the control of the local post office could be far more efficiently managed if placed under the supervision of the legislature, subject to the Post Office authorities to the extent necessary to guarantee that the transmission of the English mails from, to, and through the province should not be impeded. The postmaster-general set his face as firmly as ever against this view. He feared it would work badly in practice. It would break the existing organization into various conflicting systems framed according to the views and feelings of each province, to the great detriment of the general interests of the Empire. The desire for reduced postage rates found no more favour in his sight than the proposal for the transfer of the Post Office to local supervision. It would, in his view, be extremely hazardous to make such an experiment at a time when there was already a large deficit in the Post Office revenues of both Nova Scotia and New Brunswick.[1]

## III

## POST OFFICE REFORM

### Clanricarde's Policy

THE defeat of Sir Robert Peel and the advent to power of the government of Lord John Russell in June 1846 brought about a sharp change in the fortune of the colonial Post Offices. Lord Clanricarde, the new postmaster-general, had been less than two months in office when he came to the conclusion that the affairs of the Post Offices in the North American colonies could no longer be adminis-

[1] It is curious to note that the postmaster-general objected to extending the use of postage stamps to the colonies on account of danger of forgery.

tered with advantage by the postmaster-general of Great Britain. He was convinced that the time had arrived when there should be a material reduction in the postage rates in the colonies; this reduction would inevitably entail postal deficits in all the provinces, which the imperial Post Office would look to the provincial legislatures to make up; the situation thus created could not fail to lead to disagreements and ill-feeling between the imperial Post Office and the legislatures, which would have to be avoided at all hazards. There was, therefore, but one course open to the imperial Post Office, to relinquish its control over the provincial Post Offices, and leave to the legislatures the management of their Post Offices. He regarded it as essential, however, that, in taking over the local post offices, the legislatures should agree to observe certain conditions, and that no bills from the colonial legislatures respecting the transfer, in which these conditions were not fully safeguarded, should receive the royal assent. The conditions were, first, that no charge should be made by any of the provincial Post Offices on letters coming into and passing through its territory to any of the other provinces; second, that, while it should be optional for the sender of a letter to prepay the postage or leave it to be paid when the letter was delivered, each province should retain the postage it happened to collect. In this way complicated accounts between the provinces would be avoided. The third condition was, that on all letters passing between any part of the colonies and Great Britain, there should be a small fixed charge, which should be the same whether letters passed over ten or over a thousand miles in the territory of the British colonies. It was considered highly desirable, though scarcely to be expected, that the several colonies should agree upon a uniform system of rates throughout the colonies, such as was then in force in England.

The first news of a change of attitude on the part of the postmaster-general towards the colonial Post Offices reached the colonies with the arrival of Lord Elgin, as governor-general, at the end of January 1847. Before his departure from England, Lord Elgin received particular instructions from the colonial secretary, Lord Grey, as to the course he

was to pursue in view of the great change which was taking place in the economic policy of the United Kingdom, in consequence of the adoption of free trade. The removal of the preferential tariff in favour of the colonies, and the abolition of the restrictions which then existed on trade with foreign countries, would be for the eventual advantage of colonies like those of British North America. In order that the colonies might reap the largest measure of benefit from the greater freedom of trade, it was desirable that they should be united for customs purposes; and to the same end, it was necessary that some arrangement should be come to for settling the affairs of the Post Office in the several provinces. Lord Grey suggested that representatives of the colonies should meet in Montreal to discuss these important subjects, and to endeavour to arrive at some agreement as to the principles to be adopted in giving effect to united colonial action.

### The Nova Scotia Postal Committee

But before Lord Elgin's arrival, a step in the same direction had been taken in the colonies. On January 27 the legislature of Nova Scotia appointed a committee on the general subject of the Post Office. Its attention was directed particularly to a consideration of the practicability of a reduced and uniform rate of postage, to the advantage of one general system being adopted for the colonies, and to a consideration of the best means of accomplishing such an object. The committee entered upon its labours with a full sense of its responsibility. It was aware that its conclusions must be of a nature to commend themselves not only to the people of Nova Scotia, but to the governments of the sister colonies, and must not be repugnant to any principles held to be important by the British Post Office. The strong preference of its members was for a single uniform rate of postage, but as they conceived that such a view might not meet with favour in the Canadian legislature, they put it aside and proposed for adoption the scheme of rates recommended by the Canadian commissioners in 1841 as more likely to be

acceptable to the other colonies. The committee also held it to be highly desirable that the several provinces should concur in the recognition of certain common principles, and in the establishment of an independent authority placed in one of the colonies for the purpose of the organization and centralization of the department within certain prescribed limits.

The legislature concurred generally in the recommendations of the committee, but on the question of postage rates they took a stand of their own. The recommendation in favour of a scale of rates graduated according to the distance the letters were carried was voted down, and in its place the legislature adopted a single uniform rate of threepence for all places within the province. If the financial results were at first unfavourable, the legislature would cheerfully make up any deficit for a few years. The legislature asked the lieutenant-governor to correspond with the other provinces, and to convey to them the earnest desire of the assembly that they would be pleased to consider these resolutions. This was in the spring of 1847. On August 27 of the same year Lord Elgin wrote to the lieutenant-governors of Nova Scotia, New Brunswick and Prince Edward Island, inviting one or two members of the executive council of each of these provinces to meet at Montreal for the purpose of maturing a plan regarding the Post Office establishment which might be submitted to the several legislatures at their next session.

Representatives of Canada, Nova Scotia and New Brunswick met in Montreal in the autumn, and on November 19 they agreed on a report to be submitted to their respective governments. The first point to which they addressed themselves was whether there should be one system comprehending the postal service in all the provinces, or whether each province should have its own system, which would be entirely independent of the others, except so far as would be necessary to secure imperial and intercolonial interests. After weighing all that could be said for each plan, they thought the balance of advantage lay with the latter proposition. In order to protect those interests which overpassed the limits of any one province, they agreed that there

should be an office of central audit in Canada, of which the postmaster-general of that province should be the head. Besides looking after the imperial and interprovincial postal finances, the postmaster-general of Canada should, in concert with the chief officer of the Post Office department in each province, enter into contracts and make all the necessary arrangements for the transmission of the mails along the chief or central route from Canada to Halifax, and between Nova Scotia and Prince Edward Island. On the question of postage rates, the representatives favoured the rate of threepence per half ounce, but fearing that some of the provinces might be unwilling to disregard the consideration of distance altogether, they agreed that, if any legislature would prefer to make a greater charge for longer distances, the threepenny rate should carry letters for any distance up to three hundred miles, and that the rate for any distance beyond three hundred miles should be sixpence per half ounce.

When this report was laid before the postmaster-general of Great Britain, he approved generally of the recommendations, and the Treasury informed the Colonial Office that, subject to some modifications of a minor nature, the several provincial authorities might be authorized to carry into effect the recommendations of the commissioners. When the arrangements were sufficiently matured for the purpose, the requisite steps would be taken for the transfer of the management of the postal communications to the provincial authorities.

In June of the following year the executive council of Nova Scotia took up the question again, and decided to recommend for the consideration of the other provinces that a single uniform rate of threepence per half ounce should carry letters not only within each of the provinces, but from any post office in one province to any post office in any other province. The proposal of a central office of audit was also dropped, and each provincial administration was to be quite independent of any of the others. The Nova Scotia legislature sent a representative to Canada with the amended propositions, which met with instant acceptance. New Brunswick agreed to the scheme with equal readiness. The

British Post Office was glad to be rid of a difficult subject on such satisfactory terms, and in 1849 an act was passed transferring the control of the Post Office in the North American colonies to the legislatures of the several provinces.

## IV

## PROVINCIAL CONTROL

### A Period of Progress

THE transfer took place in 1851, and until Confederation each provincial legislature had full jurisdiction over the postal services within its province. The administrative officers in Canada and New Brunswick were members of the provincial ministry, in the former case from 1851, in the latter from 1855. For the first four years in New Brunswick, and during the whole period in Nova Scotia, the postmaster-general was a permanent official of the government, working in direct subordination to the provincial secretary.

When the provincial governments took their respective postal systems into their own hands, they proceeded at once to develop and expand them, so as to place the means of communication at the service of their people, however remote might be their settlements. So far as the Maritime Provinces were concerned, the history of the sixteen years from 1851 to 1867 is practically no more than a record of the uninterrupted development of this policy. The number of post offices in Nova Scotia in 1851 was 143 ; at Confederation the number had risen to 630. An accurate idea of the increase in the accommodation can be conveyed by the mileage of the annual travel of the mail couriers, which is a compound of the length of the routes and the frequency of the couriers' trips over them. In 1851 the annual travel of the mail couriers was 352,000 miles ; in 1867 this mileage had increased rather more than threefold. The mails were carried, at the end of this period, daily between Halifax and Pictou, and between Halifax and St John. On the two other great trunk lines

in the province, from Halifax along the Annapolis Valley to Digby, and from Pictou eastward to the Strait of Canso, the couriers' trips had been increased to three times weekly in the former case, and to twice weekly in the latter.

In New Brunswick the postal system was equally comprehensive of all the settlements, remote as well as near. In 1851 there were 101 post offices distributed throughout the province. In 1867 the number had increased to 438. The annual mileage of couriers' travel did not increase to the same extent, but this was due to the fact that by 1851 mails were carried over all the great routes with a frequency that would scarcely be considered inadequate to-day. The principal need of the settlements was for more post offices on or near the established routes, and, as we have seen, this requirement was satisfactorily met. In neither province had the Post Office much assistance from railways before Confederation. In Nova Scotia the only lines on which the mails were carried by railway were those between Halifax and Truro, and between Halifax and Windsor. New Brunswick had but one line, that running from St John to Moncton, and thence on to Shediac on the Straits of Northumberland.

The people in both provinces evinced by their patronage a hearty appreciation of the benefits of the increased accommodation placed at their service. The reduction in the postal rates, consequent on the replacement of the obsolete system based on weight and the number of enclosures, by the simple rate of threepence per half ounce, was very great. It was estimated that the average postage on a letter under the former system was ninepence. So great, however, was the extension in the use of the post office by the public after 1850, that in Nova Scotia the effect of the drop in the rates was overcome four years later, the revenue of 1854 surpassing that of 1850. The increase in the revenue was large and steady during the whole period from 1851 to 1867. In the year ended 1850 it was $28,000. In 1866 it had risen to $69,000. The evidences of appreciation of the lowered rates and enhanced accommodation on the part of the public in New Brunswick were equally marked. In 1850, the last year under the old system, the postal receipts were $26,600.

Three years later the results of the great diminution in the charges were practically overcome, and in 1854 the receipts surpassed those of 1850 by $4000. As in Nova Scotia, the postal receipts in New Brunswick rose steadily until they reached over $50,000 in 1866. A feature common to the operations in both provinces was the regular recurrence of a large deficit each year. But, as the provincial governments made it part of their policy to carry newspapers free, the deficits were not to be wondered at. Indeed, the postmaster-general of New Brunswick, insisting on the educational benefits of the policy as regards newspapers, declared that the amount the legislature was called upon to pay annually to make up the deficit in Post Office operation should be put in the same class with the grants for the common schools, and the legislature did not dissent from this view.

In Canada there was the same rapid and steady expansion as we have seen in the Maritime Provinces, and owing to the larger number of commercial communities to be served, the financial results were much better. When the legislature acquired the control of the postal system, there were 601 post offices in Upper and Lower Canada. By 1855, four years later, this number was more than doubled. In 1862 the figures of 1851 were more than trebled, and when the province entered Confederation in 1867, it had 2333 post offices. Canada had an advantage in the fact that its main lines of travel were covered by railways at a comparatively early date. During the year 1853 the Great Western Railway was being carried from Niagara Falls to Windsor, and as it advanced, the line was laid under contribution by the Post Office. By January 25, 1854, the railway was completed, and the time for the conveyance between the Niagara and the Detroit Rivers was reduced from four days to from eight to ten hours. Subsidiary railway lines were at the same time extending the advantages of rapid conveyance to other sections of Western Ontario. The completion of the Grand Trunk Railway to Toronto, in October 1856, brought Quebec and Montreal into close communication with the towns which were opening up between Toronto and the western limits of the province.

The effect of these ameliorations in the conditions of travel, and of the reductions in the postage rates, which took place in 1851, was seen in the rapid recovery of the revenue from the consequences of the reduced charges, and in the steady increase which occurred after the revenue under the lowered rates reached the amount of the receipts under the old régime. In the last year in which the provincial Post Office was under the control of the postmaster-general of Great Britain, the revenue from the inland service was $335,000. The immediate consequence of the reduction in the postage rates from an average of ninepence a letter to threepence was a fall in the receipts, and at the end of the first year of provincial management the amount dropped from $335,000 to $240,000. But two years later the receipts had advanced to $332,000, and in 1855, the fourth year after the great reduction, the figures had increased to $368,000. In 1861 the revenue of 1851 was more than doubled, and in 1867 the year's revenue amounted to $915,000. For the first few years after 1851 there was a deficit, but by 1859 there was a small surplus from the management amounting to $26,000. This favourable balance was maintained until 1860, when the heavy charges for conveyance by railway began to be felt, and in the years 1863-66 there was a small annual deficit, amounting in 1866 to rather less than $10,000.

In 1851 postage stamps were first used in the three provinces. In spite of the obvious convenience of their use, the habit of leaving the postage to be paid by the recipient of the letter was so ingrained that stamps did not come immediately into favour with the public, but the advantages to the Post Office in the facility they offered for the collection of the postage were too great to be ignored, and after some tentative efforts, prepayment by postage stamps became compulsory. Money order systems were established in each of the provinces during this period—in Canada on February 1, 1855, at eighty-four principal offices. Three months later seventy-three other offices were added. In Nova Scotia the system was introduced in 1859, and in New Brunswick in 1863.

### Railway Mail Service

Though the principal feature in the postal history of Canada between 1851 and 1867 was the steady progress under the management of the provincial legislature, there were two questions of great importance dealt with and settled during this period—the establishment of the relations between the Post Office and the railway companies for the conveyance of the mails, and the beginnings of the ocean mail service from the St Lawrence ports. The employment by the Post Office of the railways for the conveyance of the mails had reached considerable proportions by 1857. In that year the mails were carried regularly over 1418 miles of railway, and on 1145 miles there was an exchange of not less than two mails each way daily. Following the practice in England, the Post Office secured compartments on the trains, in which clerks performed the duties of receiving, assorting and distributing correspondence along the route.

A problem which soon presented itself was the principle upon which the companies should be compensated for their services to the Post Office. While passengers and merchandise reaped the benefit of improved speed, with the other advantages of railway development, and at the same time enjoyed a reduction in the cost of service, the change from stages to railways threatened to burden the public with a vastly augmented charge for the mail service. The increased demand upon the Post Office arose chiefly from the special provision required to make railway conveyance practically available to the Post Office. When the mails were carried from post office to post office by stages, the driver was accustomed to wait at a post office until the postmaster assorted his mails and made up the correspondence for the offices beyond. This was, of course, impossible with the momentary stop a train makes at most stations, and consequently the Post Office was compelled to make use of a distinct class of clerks to travel with the trains and perform the duties of assorting correspondence while the train was in movement. The salaries of these railway mail clerks had by 1857 reached the considerable sum of £8000 a year, and yet it was the

necessity created by the nature of railway service, for the provision of a post office on the trains, which formed the principal ground on which a comparatively high rate of compensation was claimed by the railways. Further, the railways not being able, like the stages, to exchange mails directly with the post offices of the towns along the line, the Post Office was obliged to provide services of an expensive character to maintain communication between the post offices and the railway stations. The postmaster-general found to his dismay that the cost of these two items alone—payment of clerks on the railways and the subsidiary services between the post offices and the railway stations—was in most cases greater than the whole cost of the stage services which had been superseded, and that in addition such heavy compensation to the railway companies had to be provided, that it was calculated that for the comparatively small area of country they covered, the companies' claims, if acceded to, would have absorbed more than one-half of the revenue of the department.

In dealing with the railway companies, the government of Canada adopted a policy radically different from that of the mother country. In Great Britain the settlement of the amount of compensation which shall be paid to a railway for the conveyance of mails is a matter of bargain between the Post Office and the companies. If bargaining fails to bring the parties to terms, recourse is had to arbitration. In Canada the governor in council has assumed the power to fix the rates. In the exercise of its functions in this respect, the council acts in what Sir Oliver Mowat described as a quasi-judicial capacity, standing between and adjudicating upon the respective claims of the postmaster-general and the companies. In 1858, when the council fixed the first rates, neither the department nor the companies had the experience necessary to enable them to satisfy the council as to what would be fair, and the rates determined at that time were subject to constant criticism by the companies. In 1863 another effort was made to settle the difficult question, but without avail, and it was not until the government, in 1865, appointed a special commission to investigate the

whole question, that the matter was finally adjusted. After exhaustive inquiries, the committee recommended that where the Post Office made use of a compartment on passenger trains as a distributing post office, there should be paid a general rate of eight cents per mile. To this general rate there were two exceptions; namely, the rates paid to the Grand Trunk and the Great Western Railways. The former was held to have a special claim, on the ground of its bringing the extreme east and west of the province together, and of the unusual difficulties in its construction and operation, and it was therefore allowed ten cents per mile. The Great Western Railway was also considered to have made out a case for special treatment, on grounds to some extent resembling those recognized in the case of the Grand Trunk Railway, and it was allowed nine cents per mile. Shortly after the commission had given its report, contracts were made with both these lines, under which, for the rates of $160 and $124 per mile per annum respectively, they agreed to give the Post Office, for the conveyance of the mails, the use of any trains they might run, and in addition to attend to the conveying of the mails between the stations at which the trains stopped and the adjacent post offices.

## The Ocean Mail Service

The Canadian Ocean Mail Service was established in 1853 for the purpose of extending to Great Britain the transportation system which had been opened between the head of the Great Lakes and Quebec. Canada had contracted a debt of £7,000,000 in the construction of canals and in the subsidizing of railways, in order to place its natural advantages at the service, not only of Western Canada, but of the Western States as well. By this means it had reduced the charges of transportation to the seaboard very greatly, but it found its efforts to a great extent frustrated by the low ocean rates between New York and Great Britain, made possible by the large subsidies paid by the British government to the Cunard line, which thus attracted traffic from the Canadian route to the American port. In 1853 a contract was made

with a Liverpool firm for fortnightly trips during the summer between the ports of the St Lawrence and Liverpool, and for monthly trips during the winter between Portland, Maine, the terminus of the Grand Trunk Railway, and Liverpool. As the contractors failed to provide the services stipulated, the contract was terminated, and a similar one entered into with Hugh Allan, the founder of the Allan line. The service proving successful, the government in 1859 contracted with Allan for weekly trips throughout the year, the terminal ports on this side of the Atlantic being as before, Montreal in the summer and Portland in the winter. The speed of the vessels of the Allan line compared favourably with that of any of the other lines crossing the Atlantic. Indeed, in 1856 the fastest voyages from North America to Great Britain were made by its steamers, their average time being eleven days two hours, while the Cunard steamers, which came next, occupied on the average eleven days thirteen hours. The employment of the Canadian steamers for the conveyance of mails was regarded jealously by the British Post Office, and a series of vexatious misunderstandings arose between the two governments in consequence.

The British Post Office in 1855 arranged for the preferential rate on letters passing between the mother country and the colonies of sixpence per half ounce, and, in connection with the scheme, proposed to Australia and Canada that it should make the arrangements for the conveyance of the mails between Great Britain and those colonies, the expense to be divided in each case between the home and the colonial government concerned. Australia agreed at once to the proposition, as indeed it was greatly to her advantage that she should, but Canada demurred. Presuming that the proposition to Canada had reference to the Cunard line only, and that it was not contemplated to include the Canadian line in the scheme, the postmaster-general of Canada pointed out that as Great Britain had a special interest in the Cunard line, which was maintained principally for the purposes of communication with a foreign country, so Canada had a special interest in its own line, and was subsidizing it to a reasonable extent within the country's means. It therefore

did not seem expedient to unite with Great Britain in assisting the Cunard line without obtaining comity of action from the imperial government as regards the Canadian line.

This reply greatly displeased the postmaster-general of Great Britain. In a letter to the colonial secretary, Henry Labouchere, he declared that the service set on foot by Canada, so far from being of assistance to Great Britain, was actually a detriment, as it withdrew part of the revenues which would in ordinary course accrue to the British Post Office through the Cunard service. If, on the expiration of the existing Cunard contract, the Canadian government undertook to provide half the effective service, it might claim exemption from any share in maintaining the other half of the service, but it would be out of the question for the British government to assist the Canadian service, which was diminishing the revenues of the British Post Office. It was intimated to Labouchere that he should impress these views authoritatively on the Canadian government. This Labouchere, with great good sense, declined to do. Canada, he suggested, had been in no sense a party to the contract with Cunard, and as the British government was without the means of enforcing its demands, it would be impossible to press them with any chance of success. His opinion was that it would be preferable to allow the arrangement then in force to stand until the existing Cunard contract expired, when the postmaster-general might come to terms with the Canadian government on an equitable scheme for sharing the expenses of the ocean mail service between the two governments. This correspondence he sent privately to the governor, Sir Edmund Head, for his advice.

Sir Edmund in his reply stated the Canadian case with much clearness. The Canadians, he said, asked why Canada was obliged to pay a subsidy at all for a line of steamers running into the St Lawrence from a British port by a route which Canada held to be the most advantageous. The merits of the route itself might make the bounty unnecessary were it not that Her Majesty's government gave a large bounty to a line running into foreign ports. Canada had no desire to disturb existing arrangements, but she was surely

entitled to ask that no renewal should be made of the Cunard contract until she had had an opportunity of presenting the merits of the Canadian service. The Treasury, to which Head's reply was referred, consented to allow matters to stand until the time came for considering future arrangements.

After two years of quiet development, further disagreements arose over the distribution of the ocean postage on the mails carried by the Canadian line between Great Britain and the United States. These were terminated by Great Britain withdrawing from what seems an untenable position. The Canadian government desired to assist in reducing the postage rates between Great Britain and the United States and Canada, and to that end offered to carry letters across the ocean at one-half the usual charge for ocean conveyance. Great Britain declined to accept the proposition for reduced postage rates, but determined to hold Canada to her offer of a low ocean charge. Canada protested that her offer was made simply in order to benefit the public on both sides of the Atlantic; that, as it was deemed inadvisable by Great Britain to reduce the postage, the offer was cancelled; and that she should be paid the same amount for ocean conveyance as was paid the Cunards. After a sharp interchange of correspondence, Canada's claim was allowed.

But a real difficulty cropped up in connection with Canada's plans to turn her ocean service to the greatest advantage. The postmaster-general visited Washington, London, Paris, Berlin and Brussels, and induced all the governments to make use of the Canadian line for the exchange of mails between Europe and North America. Special trains were to run from Cork, where the Canadian steamers took on and put off their mails. As there was no Atlantic cable, a feature of the service was that messages for America could be telegraphed from the countries of Europe to Cork, and be re-telegraphed to their destination when the ship reached the nearest telegraph point in America. Prussia, France and Belgium welcomed this service, and proposed to utilize it under their conventions with Great Britain. The postmaster-general of Canada hastened over to London to arrange the formalities, when to his surprise he learned that

the British Post Office would not undertake to act as intermediary for the payments due to Canada, on the ground that the Canadian ocean service was not a British, but a United States packet service. Protests from the postmaster-general of Canada were without avail, and so far did the British Post Office carry consistency that, when it finally consented to receive from the Post Offices of France, Prussia and Belgium the sums due to Canada, it would not pay these sums over direct, but insisted on paying them to the United States, which passed them on to Canada.

### A Setback through Steamship Disasters

The Canadian service started with the fairest prospects. Mails were carried from Cork to Chicago in twelve days, thence to New Orleans by fast train. The line was largely patronized, and it seemed probable that Canada was to reap at once the advantages arising from her superior geographical position, and from the inland transportation system which had been established at so great a cost. But a remarkable series of accidents to the fleet did much to destroy confidence in the Canadian route, and to retard the development of the service in comparison with the lines running to New York. Between June 1857 and February 1864 no less than eight of the mail steamers were lost by shipwreck. On June 1, 1857, the *Canadian* was, owing to the negligence of the pilot, run on the rocks near the Pillars lighthouse. The passengers and mails were all brought safely to Quebec, though the steamer was a total loss. In the winter of 1859-60, two vessels were lost off the coast of Nova Scotia on the way to Portland—the *Indian* in November 1859, and the *Hungarian* in February 1860. The latter was a remarkably fast steamer, having made three consecutive trips within a period of twenty-seven days and twenty-three hours. From the *Indian* some sixty persons were lost, while not one person was saved from the *Hungarian*. Defective sounding-charts were held responsible for the ill-chance of the former. Nothing was learned as to the causes of the disaster to the *Hungarian*. The year 1861 was marked by

two more calamities. On June 4 the *Canadian* (the second of the name), on her way to England, struck an ice-floe shortly after leaving the Straits of Belle Isle, and sank within two hours. Twenty-nine of the passengers and crew were drowned, including the mail officer, James Panton, whose death was due to his determined efforts to save the mails. In November the *North Briton* lost her way among the Mingan Islands and struck a reef. The steamer was destroyed and the mails were nearly all lost, but fortunately no one was drowned. The Board of Inquiry concluded from these last cases that it was inadvisable to take the straits route except in the midsummer months. In 1863 there were two more wrecks. The *Anglo-Saxon*, which left Liverpool on April 16, ran on the rocks on the coast of Newfoundland near Cape Race, and 237 of the passengers and crew were drowned. Before the public recovered from the effects of this calamity, the *Norwegian* was wrecked on St Paul's Island, a few miles north of Cape Breton. There was no loss of life on this occasion, and the mails were all saved. Finally, the *Bohemian* ran on a rock near the entrance to Portland Harbour on February 22, 1864, and forty-three persons were drowned by the capsizing of one of the lifeboats. In the three last cases the wrecks were attributed to faulty seamanship, and the masters of the *Norwegian* and the *Bohemian* were deprived of their certificates. The master of the *Anglo-Saxon* went down with his ship.

While the Canadian line was suffering from these repeated losses, the Cunards were making their trips with regularity and perfect safety. There was only one accident to the steamers on that line within the same period, and on that occasion, although the steamer ran on the rocks near the point where the *Anglo-Saxon* was wrecked, her injuries were quickly repaired, and there was no loss of life.

With the occurrence of each successive disaster, public indignation was heightened against the company for alleged faults of management, and in 1863 it was notified of the cancellation of its contract. But the government thought it undesirable to relinquish altogether the effort to make the Canadian service a success, and, after consideration, a

fresh contract was made with the Allans for a greatly reduced subsidy. On considering the wrecking of the several vessels, it is plain that with whatever delinquencies the company was fairly chargeable, its enterprise as the pioneer of the Canadian steamship service to England was carried on under exceptional difficulties. The route lay for a long distance adjacent to rocky shores, on which the lighting and soundings were imperfect. The company employed iron vessels, and the effect of these on the compass was very considerable and little understood. In several of the cases the masters supposed themselves to be many miles out at sea at the moment they struck. It is only now that the advances in the science of navigation and the supply of lights and buoys on the most liberal scale give Canada the assurance that she may with safety turn her natural advantages to account.

Printed by T. and A. Constable, Printers to His Majesty
at the Edinburgh University Press